

Kristin Hendrix - October 27, 2021

<p style="text-align: right;">129</p> <p>1 A. Yes.</p> <p>2 Q. And was that done because HCMLP received the</p> <p>3 instructions of somebody authorized to give the</p> <p>4 instruction on behalf of those entities?</p> <p>5 A. Yes.</p> <p>6 Q. Did HCMS and HCRE and NexPoint timely make</p> <p>7 the installment payments that were due at year end</p> <p>8 2019?</p> <p>9 A. Yes.</p> <p>10 Q. And why did they make those payments?</p> <p>11 A. Because we were provided instruction and</p> <p>12 authorization to do so.</p> <p>13 Q. Okay. And is the only reason that the</p> <p>14 payment wasn't made at year end 2020 because nobody on</p> <p>15 behalf of the Advisors -- withdrawn.</p> <p>16 Is the only reason that no payment was made</p> <p>17 at the end of 2020 is because no one on behalf of</p> <p>18 NexPoint, HCRE, or HCMS directed HCMLP to make those</p> <p>19 payments?</p> <p>20 A. Correct.</p> <p>21 MR. AIGEN: Objection. Form.</p> <p>22 Q. (BY MR. MORRIS) And you testified earlier to</p> <p>23 a call that you had with Mr. Waterhouse. I think you</p> <p>24 said it was either November 30 or December 1.</p> <p>25 Do you recall that?</p>	<p style="text-align: right;">131</p> <p>1 any reason they weren't, then they were going to raise</p> <p>2 an issue, a going concern issue.</p> <p>3 That came up several years in a row with</p> <p>4 HCMFA.</p> <p>5 Q. Do you recall that the three term notes at</p> <p>6 issue here were all signed on May 31, 2017?</p> <p>7 A. Yes.</p> <p>8 Q. And all of those term notes involved a</p> <p>9 roll-up of previously issued demand notes; is that</p> <p>10 right?</p> <p>11 A. Correct.</p> <p>12 Q. Do you know why in -- at the end of May 2017</p> <p>13 NexPoint, HCRE, and HCMS rolled up their demand notes</p> <p>14 into individualized term notes?</p> <p>15 A. Yes.</p> <p>16 Q. What is your understanding as to why that</p> <p>17 happened?</p> <p>18 A. That would get the auditors a little bit more</p> <p>19 comfort over our outstanding loans, ensuring that we</p> <p>20 have an amortization schedule, an underlying contract,</p> <p>21 showing that payments will be coming in every year on</p> <p>22 these outstanding receivables.</p> <p>23 Q. Okay. As the person responsible for</p> <p>24 preparing Highland's audit, did anybody ever tell you</p> <p>25 at any time that any of the notes were not valid</p>
<p style="text-align: right;">130</p> <p>1 A. Yes.</p> <p>2 Q. And did you personally continue to prepare</p> <p>3 the 13-week forecasts after your conversation with</p> <p>4 Mr. Waterhouse?</p> <p>5 A. Yes.</p> <p>6 Q. And did those 13-week forecasts continue to</p> <p>7 include the payments that were due under the three term</p> <p>8 notes at the year end?</p> <p>9 A. Yes.</p> <p>10 Q. And that's information that you gave to</p> <p>11 Mr. Waterhouse; is that right?</p> <p>12 A. Right.</p> <p>13 Q. Mr. Rukavina elicited from you the fact that</p> <p>14 payments of principal hadn't been made on demand notes</p> <p>15 that were executed in favor of Mr. Dondero's</p> <p>16 affiliates.</p> <p>17 Do you recall that?</p> <p>18 A. Yes.</p> <p>19 Q. Okay. Was that a topic of conversation with</p> <p>20 PricewaterhouseCoopers at any time?</p> <p>21 A. Yes.</p> <p>22 Q. Can you tell me about that conversation?</p> <p>23 A. Sure. As part of our annual audit, the</p> <p>24 auditors would, you know, make sure that our</p> <p>25 receivables are collectible. And if they thought for</p>	<p style="text-align: right;">132</p> <p>1 obligations of the maker?</p> <p>2 A. No.</p> <p>3 Q. As the person responsible for Highland's</p> <p>4 audit, did anybody ever tell you at any time that any</p> <p>5 of the notes at issue should not have been signed?</p> <p>6 A. No.</p> <p>7 Q. As the person responsible for Highland's</p> <p>8 audit, did anybody ever tell you at any time that any</p> <p>9 of the notes at issue were signed by mistake?</p> <p>10 A. No.</p> <p>11 Q. Did anybody ever tell you at any time that --</p> <p>12 withdrawn.</p> <p>13 As the person responsible for Highland's</p> <p>14 audit, did anybody ever tell you at any time that</p> <p>15 Mr. Dondero didn't approve of any of the notes?</p> <p>16 A. No.</p> <p>17 Q. As the person responsible for Highland's</p> <p>18 audit, did anybody ever tell you at any time that</p> <p>19 the -- any of the notes at issue were subject to an</p> <p>20 oral agreement?</p> <p>21 A. No.</p> <p>22 Q. As the person responsible for Highland's</p> <p>23 audit, did anybody ever tell you at any time that any</p> <p>24 of the notes were amended?</p> <p>25 A. No.</p>

Kristin Hendrix - October 27, 2021

<p style="text-align: right;">133</p> <p>1 Q. As the person responsible for Highland's</p> <p>2 audit, did anybody ever tell you at any time that any</p> <p>3 of the notes would be forgiven?</p> <p>4 A. No.</p> <p>5 Q. During your 15 years at Highland, has an</p> <p>6 intercompany loan ever been forgiven in whole or in</p> <p>7 part?</p> <p>8 A. No.</p> <p>9 Q. During your -- withdrawn.</p> <p>10 Can you recall any note that Highland ever</p> <p>11 held as the payee that was forgiven in whole or in part</p> <p>12 in the five years prior to bankruptcy, go back to 2014?</p> <p>13 A. No.</p> <p>14 Q. Is it your understanding as the person</p> <p>15 responsible for Highland's audit that the forgiveness</p> <p>16 of notes, if they were in a material amount, would have</p> <p>17 had to have been disclosed in the audited financial</p> <p>18 statements?</p> <p>19 A. Yes.</p> <p>20 Q. So is it fair to say that any evidence of the</p> <p>21 forgiveness of material amounts would have been</p> <p>22 disclosed in Highland's financial statements?</p> <p>23 A. Yes.</p> <p>24 MR. MORRIS: I have no further questions.</p> <p>25 MR. RUKAVINA: I have none.</p>	<p style="text-align: right;">135</p> <p>1 CERTIFICATE OF REPORTER</p> <p>2 I, BRANDON D. COMBS, a Certified Shorthand</p> <p>3 Reporter, hereby certify that the witness in the</p> <p>4 foregoing deposition was by me duly sworn to tell the</p> <p>5 truth, the whole truth, and nothing but the truth in the</p> <p>6 within-entitled cause;</p> <p>7 That said deposition was taken in shorthand by</p> <p>8 me, a disinterested person, at the time and place</p> <p>9 therein stated, and that the testimony of the said</p> <p>10 witness was thereafter reduced to typewriting, by</p> <p>11 computer, under my direction and supervision;</p> <p>12 That before completion of the deposition,</p> <p>13 review of the transcript was not requested. If</p> <p>14 requested, any changes made by the deponent (and</p> <p>15 provided to the reporter) during the period allowed are</p> <p>16 appended hereto.</p> <p>17 I further certify that I am not of counsel or</p> <p>18 attorney for either or any of the parties to the said</p> <p>19 deposition, nor in any way interested in the event of</p> <p>20 this cause, and that I am not related to any of the</p> <p>21 parties thereto.</p> <p>22 DATED: November 1, 2021</p> <p>23</p> <p>24 _____</p> <p>25 Brandon Combs, Certified Shorthand</p>
<p style="text-align: right;">134</p> <p>1 MR. AIGEN: None.</p> <p>2 MR. RUKAVINA: Okay. Thank you very much.</p> <p>3 (Whereupon, the deposition adjourned at</p> <p>4 1:19 P.M.)</p> <p>5 --oOo--</p> <p>6 I declare under penalty of perjury that the</p> <p>7 foregoing is true and correct. Subscribed at</p> <p>8 _____, Texas, this ____ day of</p> <p>9 _____, 2021.</p> <p>10</p> <p>11</p> <p>12 _____</p> <p>13 KRISTIN HENDRIX</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">136</p> <p>1 State of Texas</p> <p>2 Dickman Davenport, Inc. Cert 312</p> <p>3 4228 North Central Expressway</p> <p>4 Suite 101, Dallas, TX 75206</p> <p>5 (214) 855-5100 (800) 445-9548</p> <p>6 Email: info@dickmandavenport.com</p> <p>7 www.dickmandavenport.com</p> <p>8 My commission expires 1-31-23</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

Kristin Hendrix - October 27, 2021

A	109:20,21	97:21,25 98:9	124:1 133:21	apologize 15:6
A.M 1:22 57:22	advance 126:2	107:25 119:20	analysis 97:24	59:7 62:16 75:9
ability 69:5,20	adversary 94:25	132:20	and/or 50:13,18	75:22
able 108:23	95:3,12	ahead 73:9	63:22 64:18	appear 118:18
120:18	advice 46:20	113:10,20	69:20 73:25	APPEARANC...
above-styled	88:24	114:11 118:22	110:23	2:1
1:21	advised 38:23	Aigen 2:18 3:4	anniversary	appeared 2:5,12
Absolutely 17:8	advisor 39:1	94:16,23,24	79:21 80:5,14	2:19
accent 56:16	Advisors 1:10	95:23 96:1,21	annual 114:20,23	appears 47:1
access 24:7 54:15	15:14,17,23	98:15 102:5	115:7 117:4	76:12 77:1
accessed 44:19	27:20,23 63:6	103:17 105:24	119:20 120:12	appended 135:16
account 12:11	70:1,4 71:6,10	106:8,23	130:23	applying 125:3
37:7 91:15	74:17 76:24	110:14 129:21	annually 80:13	approval 16:5,8
accountant 16:19	84:9 85:6 92:16	134:1	annum 80:12	48:12 49:4
46:10 73:15	99:10,14,16,25	Akard 1:24 2:4	answer 7:6,6	50:25 51:2
74:3 78:4 84:24	100:2,15,18	alleged 40:16	23:11,14 35:2	101:3 104:20
accounting 11:16	119:16 120:7	96:3,7	39:19 51:5 52:3	124:24 127:19
12:8,12,18	123:24 129:15	Allocation 38:24	64:20 75:2	approve 48:15
17:14,15,16,21	Advisors' 122:16	39:1	114:11 118:10	49:5 104:1,2,24
18:4 19:9 20:3	affiliate 34:25	allowed 135:15	122:13	132:15
20:12,20 21:13	87:23 120:7	allowing 95:13	answered 41:4	approved 48:18
31:16,23 35:7	affiliated 15:11	amended 107:25	51:3 57:17	48:19,21 104:7
40:11 45:17	affiliates 18:19	132:24	100:9 106:6	104:8,14
46:3 51:11,11	86:24 87:17	amendment	answering 66:1	approximately
51:18 56:11	99:6,11,13	128:4	answers 42:10	95:18 110:7
102:4 111:9	100:4,17	amort 19:22 90:8	43:1 57:6	April 12:7
112:18,23	130:16	amortization	anybody 35:25	area 107:19
126:11	affirmative	73:25 76:23	40:8 101:7	arose 115:4
accounts 13:21	101:14	77:4,6,9,20	112:8 113:23	ASAP 60:18 64:6
14:8,15 51:24	affix 50:17 114:6	80:20 82:6 85:3	113:25 114:5	asked 51:3 57:17
accrued 79:22	affixed 47:5	85:12,13,17	114:14 116:24	60:10 69:22
accruing 85:15	114:15	131:20	117:20 118:24	88:9 93:4 106:6
accurate 72:22	afternoon 94:23	amount 19:6,7	119:6,11 122:3	119:24
97:19 115:25	ago 33:8 104:21	26:10,12 30:12	122:7 123:8,11	asking 6:10 26:7
accurately 116:2	104:22 109:17	32:23 39:3	124:16 125:2	29:17,19,24
action 11:6	110:10,12	43:16 48:15	126:8 127:10	59:17 62:6
activities 39:20	agree 55:2 57:14	49:2 50:9 87:16	127:14 131:24	64:23,25 77:25
actual 104:12	61:13	87:24 89:9 90:9	132:4,8,11,14	90:8 96:12,13
122:16,25	agreed 25:23	91:19 93:4	132:18,23	aspects 115:1
addition 39:7	26:3	104:6 121:14	133:2	assistant 12:6
41:21	agreeing 53:24	122:10 124:4,5	anymore 76:2	69:2 70:3,9
additional 56:15	agreement 26:5	124:19 133:16	anytime 21:10	88:21
56:20	26:15,21 95:9	amounts 35:8	59:1	associate 11:18
adjourned 134:3	95:13 96:4,8,12	40:2 120:3,4	AP 11:17 12:23	32:7
Adkins 109:16	96:23 97:6,9,11	121:10 123:23	32:7 109:5	assume 6:25

Kristin Hendrix - October 27, 2021

42:11,25 44:3	50:25 51:1	121:11	112:9,20 116:1	briefly 10:12
48:24 57:5,18	110:22,25	balances 13:18	118:9,21	16:12
80:6 81:10	authorization	84:15 89:23	121:14,17,24	brought 50:2
95:23 99:19,22	129:12	bank 13:20 63:7	122:2,12 126:8	115:16
Assumes 114:8	authorize 49:17	63:21 92:18	better 30:2 42:22	bunch 63:1
assuming 36:10	authorized 114:6	bankruptcy 1:1	67:22	burn 82:11
40:23 80:19	114:15 127:18	108:6,15,22	big 23:3 38:21	business 14:12
81:5 82:21	129:3	109:2 133:12	115:15	64:5
106:17	authorizing	bargain 84:5	bills 14:6 109:3	buyouts 108:6
assumption	50:12,17	base 26:19,22	bind 111:1	
95:25	available 21:24	27:4	birth 10:16	C
assumptions	Avenue 2:11,17	based 25:18 38:3	bit 28:9 44:7 55:1	calculated
100:10 105:23	aware 10:1 15:17	40:23 82:5	56:16 58:9,24	124:11
attached 83:7,11	23:8 28:20,22	125:17 126:22	98:12 131:18	calculating 73:24
123:22	28:23 29:10	128:17	bits 7:14,17	call 26:19 34:23
attachment	39:6 90:22 91:1	basically 23:7	Blair 32:6,6,7	37:7 38:1 45:11
83:23 123:18	91:2 95:11,16	115:24	112:7	45:13 61:22
attachments	96:7,14 98:13	basis 21:23 66:22	blind 64:12	66:4 67:23 71:5
83:20	98:15,19 101:9	77:20 81:14	board 60:5 86:15	72:5 74:11,11
attempts 102:10	101:17,20,21	104:9	119:24 121:12	74:20,21 75:5
attention 115:16	102:7 106:8	batch 12:22	121:25 122:5,9	75:23,25 79:20
attorney 2:5,12	107:11 109:1,9	Bates 82:14,18	122:17 123:1,6	92:2,3,6 93:21
2:18 135:18	109:13,18,25	120:1	bonus 25:18,21	93:25 99:4
audit 18:25 98:1	120:11 126:24	bear 80:11	26:1,6,8,19,22	100:12 106:14
114:20,23,25		beginning 62:24	27:4	106:16 120:23
115:1,7 116:5,9	B	81:14	bonuses 108:23	125:25 126:14
117:8,11,14,15	back 13:3,6	behalf 2:6,13,20	book 113:1	129:23
117:23 118:3	16:12 17:12	102:1 110:21	booked 112:10	called 26:21
118:15 130:23	20:9,16 22:20	111:1 127:10	112:22 119:8	62:12 65:14
131:24 132:4,8	24:12 26:4	127:14 129:4	books 73:11	74:14,15,24
132:14,18,23	29:16 44:24	129:15,17	87:17	84:1 92:4
133:2,15	45:6 50:3 52:8	believe 10:24	borrower 69:10	111:15,22
audited 97:16	55:1 60:4,18	12:7,12,16 13:4	borrower's 69:5	calling 107:2
115:25 116:16	64:3,11,19 69:2	16:18 33:3,5,24	boss 24:11,17	calls 126:4
116:21 117:1,5	74:10 76:3 81:9	34:2 35:8 38:4	25:1 76:8	Capital 1:6,9
118:19 119:1	81:23 84:8	43:13,17 50:10	brackets 78:19	14:22,23 15:4
133:17	88:20,23 94:3,9	58:22 82:5,8	79:1	27:23 85:5
auditors 97:18	99:24 113:23	84:21 88:8	brand-new	108:1,16 117:2
115:3,24	133:12	93:13 97:10	111:20	care 38:11
130:24 131:18	background	99:8 107:3	Brandon 1:22	carried 115:2
audits 12:24	10:12,19 16:12	109:15 112:19	135:2,25	case 95:9 100:24
August 83:18	29:25 67:19	123:7	break 30:8 52:5	103:4
84:1	bad 26:25	believed 103:20	62:17 75:16,17	cash 12:21 13:21
author 44:10	balance 63:8,22	best 20:1 44:20	83:9,16 93:16	21:24 22:6,18
authority 36:23	80:10 118:6	55:10 100:12	94:6 110:15	22:19 23:1,4,4

Kristin Hendrix - October 27, 2021

34:17 63:8 66:22,25 67:2,5 67:5 69:1 81:11 81:12,14,19,20 109:4 125:25 126:4,14 categorize 24:6 cause 1:21 22:6 116:7 117:16 135:6,20 caused 39:16 92:12 124:22 cell 75:2,3,4,13 Central 136:2 CEO 13:23 60:24 Cert 136:1 certain 14:6,18 18:19 26:13 29:2 36:16 37:15 49:13 64:20 95:14 96:16 119:17 120:18 123:2 127:22 certainly 82:11 86:17 121:22 certificate 53:14 53:18,20 135:1 certified 16:19 135:2,25 certify 135:3,17 CFO 13:9,13,22 23:12 25:10 chain 59:4,12 62:5,15,24 85:21,25 86:3 86:13 90:4,5 chance 75:4,18 change 32:11 79:1,12 84:10 85:2,6 90:23 91:3 changed 58:4 123:6 changes 43:15	44:2 49:1 135:14 changing 57:4 98:12 107:18 characterize 24:13 111:13 charge 13:19 18:7 114:24 115:11 charged 10:10 charges 76:12 chase 15:9 check 60:12,15 64:19 93:15,16 102:23 105:8 checked 63:16,16 64:22 checking 64:24 checks 13:18 clarify 47:14 88:10 clear 6:20 113:12 clearly 38:13 clients 63:6 close 120:6 collect 28:21 collectibility 68:23 collectible 130:25 collection 30:14 collects 27:3 college 10:20 11:10,14 column 79:5,11 80:22,24 columns 78:14,15 Combs 1:22 135:2,25 come 84:5,14 85:2,10,11 comes 31:8 comfort 131:19 comfortable 50:23 coming 16:6	48:25 99:5,10 126:25 131:21 comma 15:4 comments 120:14 commingle 110:9 commission 136:4 common 40:10 communicate 23:17 communicated 23:23 communicating 23:24 communications 23:22 64:10 90:16 companies 52:14 company 39:10 44:13 compensate 40:15 compensation 25:17,21 26:1,6 26:20,22 27:4 39:9,12 competent 24:18 24:20,21 complete 72:10 completed 116:5 118:15 completely 17:3 47:8 114:24 completion 135:12 compliance 17:14 comport 44:20 compounded 80:13 computer 47:16 135:11 computerized 1:24 concern 131:2	concerning 111:9 124:18 127:7 concerns 63:13 63:15 condescending 25:3 conduct 38:3 confess 82:23 confident 37:22 confirm 62:2 confirmation 92:15,17 confused 78:12 confusion 47:15 connection 116:9 117:7,10,22 118:3 124:23 consent 39:1,24 consist 26:1 constituted 116:12 118:2 consulted 46:13 contact 6:9,11 contending 96:4 context 31:13 44:1 59:25 86:12 continue 130:2,6 contract 131:20 controller 11:19 11:23 12:1,4,6 13:4 25:6 69:2 70:3,4,9,10 88:21 conversation 36:22 42:4 65:3 96:1,6,14 99:9 99:13 104:22 106:17,24 130:3,19,22 conversations 23:13 34:16,20 36:5,17 37:14 37:15 48:14 49:22 50:20	69:1 88:18 95:24 96:3,15 96:22 102:18 105:4,13,25 107:8,11,16 108:8,14 copied 64:12 86:6 copies 55:14 56:13 copy 83:17 copying 59:13 61:3 63:1 83:18 corporate 10:6 11:16 17:15,16 17:21 18:4 19:8 19:15 20:3,11 20:20 21:13 31:16,23 35:6 45:17 46:2 51:11,18 56:11 102:4 111:9 112:18,22 126:11 corporateacco... 111:22 correct 14:12,20 14:24 15:4,5,12 15:13,16,19,20 18:5,6 23:5,6 27:1,5 29:4 35:23 36:8,12 38:9 40:12,21 41:3,5,6,10,23 41:24 45:22,23 45:25 46:1 53:19 56:14 57:12 60:25 65:12 66:16,17 70:19,20,23,24 76:16 78:21 80:20,21 81:5 83:20,21 87:25 88:1 95:6,7 100:1,5,6,18,19
---	---	---	---	--

Kristin Hendrix - October 27, 2021

101:15,16,19	crunch 109:5	22:14,15,18	88:3 90:17	113:14 134:3
101:20 102:25	CSR 1:23	23:1 25:7,7	93:10,11	135:4,7,12,19
103:3,4 105:6,7	curiosity 76:6	26:17 28:21	defaulted 67:22	describe 12:18
105:10,11	current 11:2	29:6 38:19	defendants 1:11	53:16
106:5,7 118:12	currently 11:19	39:15 53:7	1:20 2:6,20	described 17:17
120:18,21	120:5	54:22 55:12	95:11 96:4	99:9 116:16
124:3 128:1,13	cut 15:9	59:5,19 66:8,20	defense 95:12	119:7
129:20 131:11		68:1 76:20 77:2	96:7,12	description 14:1
134:7	D	77:6,9 81:11,12	defenses 95:9	110:3
correctly 32:18	D 1:22 135:2	81:18,25 82:7	defined 114:3	detail 66:12
33:23	Dallas 1:3,25 2:4	84:17 88:3,11	definition 113:16	details 17:5
correspondence	2:18 136:2	88:14 90:24	degree 10:22	25:14 28:7
123:3	dark 94:17	99:6 100:15	deliver 117:17,22	determine 97:6
corresponding	date 10:16 19:3	101:25 114:25	delivered 116:8	97:25 102:11
84:16	26:13 32:22	debtor's 40:16	116:11 117:25	determined
counsel 2:5,12,19	34:21 43:16	68:18 77:4	118:1 128:18	97:22
6:15 7:4,23,25	50:8 57:24 58:7	86:16	demand 4:11 5:2	Dickman 136:1
8:19,22 9:8,12	78:17 79:9,21	debtors 117:12	18:19 19:21,25	difference 103:22
9:20 10:10	80:6,13,13,14	Dec 4:3,11	20:4,13,17,21	different 19:25
28:10,17 33:6	93:25 105:4	December 11:11	21:3,4,5,8,23	54:19 73:16
135:17	107:1	14:2,5 15:6,10	22:7,13 28:22	87:22 96:11
count 42:10 43:1	dated 30:20	15:21 16:3	29:11,14 46:16	103:17 124:2
57:6	31:16 135:22	24:22 60:25	62:11 66:5 85:6	direct 27:7
couple 83:19	dates 57:22	61:6,12 62:10	85:14 98:17	directed 99:17,19
course 6:9 46:18	Dave 8:24 34:18	65:14 66:3,7,18	130:14 131:9	129:18
55:3 103:23,24	34:23 38:13	66:24 67:13,16	131:13	directing 48:16
104:13,19,23	46:7 111:8	67:20 68:1,8,14	demanded 62:11	101:4
courses 16:15,16	112:6	68:21 70:22	demanding 24:13	direction 23:12
court 1:1 6:18	Davenport 136:1	71:4 72:4 74:10	Denton 10:15	53:21 60:23
27:13 30:13,25	David 3:14 13:1	75:19 76:4	department	63:2 73:7 101:7
courteous 94:12	31:16 33:17	88:12 93:21	11:17 18:2,5,8	135:11
CPA 10:24 11:2	DAVOR 2:5	98:21,25	18:12 51:12	directions 48:25
11:6,21 115:17	day 48:15 57:25	100:25 101:11	57:12 112:23	directly 40:9,22
create 43:12,18	58:6 80:2	101:19 102:7,8	depend 18:17	41:12 49:1
45:8 48:17	112:13 134:8	102:19,20	depended 49:16	70:14,17
created 18:21	days 9:23,25 10:5	103:20 105:3,3	depending 73:16	102:16
44:18,19,21	28:17	105:18 125:20	depends 18:16	disciplinary 11:5
48:7 58:1	deaccelerate	127:6 129:24	69:10 77:24	disclose 119:24
119:12	107:13	decided 26:2,3	deponent 135:14	disclosed 97:15
creating 13:21	deal 20:21 36:25	40:14 52:15,18	deposed 6:13	97:21 133:17
111:18 125:22	debtor 14:24,25	deciding 23:8	28:2	133:22
126:20	15:1,2,3,7,10	decision 29:14	deposition 1:13	discretionary
creation 126:16	15:19,21 16:4	105:2	1:18 7:8,9 8:1,6	26:8
126:18	18:1 21:20,21	declare 134:6	8:10,15,17,20	discuss 62:9 66:4
credit 91:18	21:22 22:1,2,5	default 68:16,19	8:23 9:14	68:4,7 74:16

Kristin Hendrix - October 27, 2021

88:12 discussed 28:8 38:4 43:13 66:21 67:9 74:18,20 81:13 92:5 96:25 97:2 discussing 66:19 67:20 117:18 discussion 9:5 50:21 61:7 65:9 66:7 69:5,19 92:25 93:7 122:22 123:4 discussions 9:8 25:20 28:11,12 28:17 40:6 60:1 61:9,11 62:13 68:22 98:8 127:6 disinterested 135:8 distinct 29:3 45:24 DISTRICT 1:2 DIVISION 1:3 doctor 42:11 doctored 83:3 doctoring 42:24 57:4 document 32:25 47:2 49:19 72:8 76:10 82:13 86:1 88:7 111:19 119:8 119:25 documentation 9:16 documentations 47:8 documents 9:18 10:7 42:6 43:7 43:9 44:3 47:9 48:5,18 49:8,13 50:2,3,11 54:11 57:7,14,20	69:16 77:13 82:10,18 doing 6:7 43:8 45:20 74:4 dollar 19:7 40:2 48:15 49:2 50:9 Dondero 2:20 5:2 15:12 21:11,20 21:21 22:6,19 23:7,14,18,23 23:24 24:2,7 34:19 35:24 36:2 40:14,20 52:12,19,22 53:7 73:8 81:14 83:18 94:24 99:18 101:2,4 101:17 102:11 102:16 103:7 103:12,19 104:1,7,14 108:9 116:19 116:24 117:20 118:23,24 122:3,7 123:19 124:8,10,13,16 124:18,25 127:20 132:15 Dondero's 104:19 130:15 Donohue 59:13 59:17,22 62:25 63:21 64:3,16 64:22 65:5,9 92:18,19,22,24 93:8 door 35:1 draft 17:24 drafted 17:1,3 drafting 16:16 17:22,23 18:12 19:16,21 20:12 29:13 drive 54:9,16 55:14	drukavina@m... 2:7 DSI 61:19 62:6,9 63:3,24 67:4 68:7,13,23 69:14 77:3 88:12,23 92:18 92:19 126:13 due 16:6 59:18 66:23 73:9,25 86:24 87:5,17 87:17,22,25 89:9 90:8 102:8 103:20 105:4,6 120:5,23 123:23 124:1,5 124:19 125:4 125:19 126:2 126:25 127:11 127:15 128:20 128:24 129:7 130:7 duly 1:19 6:2 135:4 duties 12:19 97:12 duty 20:25 <hr/> E <hr/> E-l-l-i-n-g-t-o-n 18:9 e-signature 47:10 47:12 48:1,4,5 48:8,9,12,18 49:9,15,18 50:1 50:13,17,23 e.g 120:6 earlier 43:14 45:7 99:8 112:12 113:13 120:14 123:15 125:7 126:12 129:22 early 116:5 128:19	earn 26:23 educational 10:18 effect 54:11 67:21 68:15 effectuate 101:7 106:15 effort 97:6 efforts 102:10 either 18:21 29:13,20 31:1 34:17,23 37:3 46:7,13 50:1 54:12 58:20 62:6,9 71:4 84:24 99:15,17 110:15 124:24 127:19 129:24 135:18 electronic 54:22 electronically 56:3,12 Eliason 46:7 78:3 112:7 elicited 130:13 Ellington 4:3 18:9 60:4,9,12 60:15 61:10 email 2:7,14,22 3:14 4:3,7,21 5:1,5 23:17 31:12,15,20,23 32:1,4,20,25 33:3,25 36:3 37:10,19,25 38:14 41:17,21 42:5 48:20 50:11 54:11 59:4,12,22 60:1 60:2,3,25 61:2 61:6 62:4,8,15 62:24,25 63:11 63:14,15 64:22 82:16,19 83:2,6 83:11,11,12,18	83:23 84:19 85:25 86:3,13 86:22 90:4,5,12 92:22 108:12 111:8,21,21,25 112:3,5,13,17 120:2 122:19 123:5,18,23 126:7,8 136:3 emailing 90:8 107:2 emails 9:16,18 41:18 49:23 81:9 82:22 115:3 employed 11:21 70:18 employee 109:23 110:2,6 employees 16:3 108:19,24 109:10,13,14 employment 26:5 26:15 69:25 70:7 engagement 115:14 ensuring 131:19 entire 11:17 114:25 126:20 entirety 86:18 entities 15:11 21:16 22:6,12 22:19 70:18 81:15 101:5 124:2 129:4 entitled 82:12 entity 21:20,22 22:7 23:2 35:14 53:13 63:4,5 84:16 104:4 entries 78:13 80:23 entry 78:24 79:19 erroneous 122:5
--	---	---	--	---

Kristin Hendrix - October 27, 2021

error 38:22 39:9 39:16,21,23 40:10 44:7	4:21 5:1,5 30:14,15,18,19 30:21 31:15,18	Expressway 136:2	filed 28:24,25 29:6,8 30:13,24	flows 63:8
established 9:11 28:8 83:16	32:21 33:1 34:4 34:11 35:21	extent 108:13	files 32:25	focus 12:17
estimate 20:10	36:20 37:19	external 46:14	filing 18:25	folders 18:25
event 135:19	38:12 42:15,16	eye 6:9	final 123:6	folks 62:16 67:4 85:24
events 38:21	43:6,21 44:18	<hr/> F <hr/>	finance 10:22	follow 47:23 60:5 60:9 72:5
95:15 96:16	44:19 56:19,21	faced 11:5	financial 4:4	follow-up 4:23
116:13 118:3	59:4,9 62:14,14	facilitate 91:7	12:22 59:18	followed 104:11
118:19	62:21,23 65:13	fact 21:18 49:5	62:7 69:15	following 47:22
eventually 109:5	65:18,21 72:11	57:15 64:15	115:12,25	follows 6:2
everybody 25:13	72:13,16 76:10	65:1 67:13,16	116:16,21	forecast 67:5 128:17
112:2 125:24	76:17,19 79:8	99:22 121:21	117:1,5,11	forecasted 67:8
126:1,3,4	82:6 83:1,4,15	128:23 130:13	119:2 122:4	forecasts 12:21 13:21 17:18
evidence 105:22	83:17 84:8,14	facts 114:9	133:17,22	67:5,9 125:8,10
114:9 118:9,21	84:18,19 85:7	fair 17:5 21:19	financials 12:23	125:14,17,18
121:17 122:12	85:17,20,21,22	22:3 23:21 35:5	37:18 41:8	125:23 126:7,8
133:20	85:25 86:3,13	42:20 70:14	60:11 86:24	126:16,19
exact 25:25 36:5	87:21 88:2,4,7	95:25 96:8,21	118:11,14,19	130:3,6
37:14 48:5,13	89:21,22,25	96:24 97:18,20	121:3,7,20,25	foregoing 134:7 135:4
107:1 117:12	90:1,3 111:7	98:6,7 99:25	122:8	forgive 97:10
Exactly 78:16	90:1,3 111:7	100:20,23	find 31:13 72:8	forgiven 95:14 96:16 109:10
Examination 3:3	119:7,15,23	101:8,12 103:5	83:8 93:24 94:8	133:3,6,11
3:4,5,6 6:3	123:16,22	105:16 106:4	102:23	forgiveness 133:15,21
94:22 110:19	124:5	108:4 116:2	finding 98:2	form 14:14,21 15:24 16:22
111:5	exhibits 3:8 30:6	133:20	fine 47:8 48:2,4 86:19	17:6 18:14
example 81:1	42:17 43:4	fairly 36:15	finish 96:11	19:11 20:23
Excel 77:12,15	44:21 45:22	faithfully 57:3	finished 31:10	22:8,21 24:8,15
78:9	46:19 48:11,19	familiar 27:13	finishing 46:14	28:3 34:6 35:10
exchanged	50:13,17 52:8	65:20 66:11	firm 18:22 44:16	36:13 37:11
108:12	55:17,24 56:25	86:2,5 107:20	first 6:2 9:1	38:7 39:17 41:1
excluding 28:16	57:16 58:10,25	115:19 122:16	11:13 20:11	41:13 45:3 46:4
29:18	113:13	family 23:4	63:17 70:21	47:20 48:22
execute 48:18	existing 84:20	far 20:14,16	81:17 82:13	49:10,20 50:4
49:5	expect 85:16	24:19,21 49:7	95:8 113:23	51:14,20 52:1
executed 18:24	expense 103:24	80:24	120:15	53:9 55:5,19
47:9 130:15	expertise 16:18	favor 130:15	five 51:4 94:3	56:4 58:16
executing 19:17	expires 136:4	February 12:2 26:4	110:10 133:12	65:16 69:8
execution 18:13	Explain 19:19	fee 39:1,24	five-minute 93:15 110:14	70:15 73:20
20:12 32:15	explained 6:15 31:7	fell 86:18	fixing 55:15	
exhibit 3:10,12	explicit 60:23	felt 13:24	flip 46:25	
3:14,17,19,21	explicitly 32:5 53:1	figuring 93:17	Floor 1:25 2:11	
3:23,25 4:1,3,7	expressly 71:14	file 56:13	flow 109:5	
4:11,14,17,19				

Kristin Hendrix - October 27, 2021

74:5 75:7 77:22	Friday 9:1,4	78:22 107:23	guarding 24:7	131:4
78:10 80:3,16	function 12:21	113:10,20,23	guess 89:22	HCMFA's 39:8
82:1 87:7 88:15	functions 117:15	114:11 118:22	guys 126:14	87:17 117:11
89:2,15 96:18	fund 1:9 27:23	133:12		117:23 118:6
102:2 103:13	38:24 39:2,2,8	goes 94:9 99:3	H	118:18 119:1
105:19 106:18	85:6	going 6:25 17:12	H-i-l-l-i-s 32:12	HCMLP 3:15
113:9,19	funds 38:23	20:9,16 26:23	half 81:17	4:19 5:6 32:13
129:21	59:18 119:17	27:3 29:16 30:6	hand 59:3 82:25	60:24 64:4
format 77:12	120:8	30:10,14,18	handed 88:6	86:24 87:5,18
formatting 79:3	further 3:5 10:23	34:3 40:6 42:7	handle 20:12	111:11 120:6
82:5	32:15 62:1	42:20 44:2	50:8	120:23 124:19
forth 64:11	92:13 110:19	50:22 52:8	handled 20:4,21	129:2,18
forward 64:2	133:24 135:17	54:18 56:20	happened 20:7	HCMS 2:20
94:16	future 14:7 16:5	57:2 58:24 59:3	21:8 36:11,11	94:25 98:16,24
forwarded 92:15	120:5	59:3 60:5,9	37:21 101:1	100:1,22,25
92:17		64:19 65:13	131:17	101:10,18
found 54:9	G	67:7 71:6 72:8	happening 20:11	102:1,19
foundation 75:11	gears 58:24	72:11 74:10	61:5	105:18 107:5
four 9:8,12 100:5	general 34:21	76:10,20 78:7	happy 23:3 93:22	127:10 128:23
fourth 107:25	46:18 54:20	81:9 82:10,11	HARDT 2:3	129:6,18
frame 17:12	69:6 90:20	82:13,25 83:1	HARR 2:3	131:13
66:19 69:7	generally 13:17	84:8 85:20,21	Hayley 32:2,14	HCRE 2:20
73:16	13:24 19:13	87:19 88:2	46:7 78:3,6	94:25 98:17,24
Frank 4:21 7:10	34:8 35:2 43:10	93:20 95:2,23	112:6	100:1,22,25
7:21 8:1 13:7,8	72:22 81:20	105:23 111:10	Hayley's 46:8	101:10,18
23:13 24:5	96:13,15	131:1,2	HCM 4:4,9	102:1,20
34:19,23 35:24	120:11	good 6:4 24:17	HCMF 3:25 4:1	105:18 107:3
38:14 52:19	getting 11:20	26:24 94:23	HCMFA 3:15 4:4	127:10 128:23
53:20 60:10	18:24 48:11	127:8	27:10,22 28:1	129:6,18
63:16,18 64:10	60:2,3 81:12	governs 26:11	28:13 29:6	131:13
64:23,23 65:1	101:3	graduated 10:21	30:12,19 32:13	hear 72:1
67:3 71:5 73:8	give 20:10 31:13	11:9,12	38:19,23 39:12	heard 40:17,20
74:14,15 84:1,7	74:16 110:4	great 53:20	40:1,15 53:25	held 12:8 133:11
91:10,22 92:4	129:3	greater 16:19	59:18 60:19	hell 75:4,10
99:5,17 100:13	given 49:18	group 14:4 17:13	62:7,11 63:6,22	help 76:22 78:13
101:2 102:15	101:6 122:9	19:9,10,16 20:3	64:18 66:5	93:17 105:23
104:4,21,23,24	123:1	31:24 35:7,22	69:15,20 70:7	helped 12:20
106:14,20	gives 16:19	37:22 40:11	70:10 85:18	Hendrix 1:14,18
107:2 112:6	giving 53:21 54:5	43:14 45:7,18	87:5 99:4 100:2	5:5 6:1,6 30:10
124:24 125:25	Global 38:23	46:3 49:16	110:22 111:1,1	30:23 56:19
126:13 128:9	39:1	51:18 56:11	111:11 115:1	57:2,8 62:23
128:14	go 10:12 17:5	73:19,23	117:4,16	65:13,21 76:19
Frank's 115:16	44:4,24 48:1	111:21,25	118:15 120:6	78:12 79:15
frankly 104:24	55:1 62:24 64:2	112:3,5 117:16	120:23 121:25	86:3 90:3 93:13
fresh 111:20	67:4,5,11 73:8	126:12	124:2,5,19	94:5,23 110:20

Kristin Hendrix - October 27, 2021

111:6 134:13 hereof 80:13 hereto 135:16 hi 60:4 higher 89:20 Highland 1:6,9 10:2 11:13,21 12:5,19 13:10 14:4,4,11,22,23 15:3 16:10 17:10,13,21 18:1,11 21:5 25:6,15 26:4,9 26:24 27:2,2,22 28:12 51:7,10 51:19 65:14 66:4 71:7,11 81:10,18,23,23 85:5 87:25 92:17 107:21 108:1,16,17,21 108:22 109:2,2 109:9 110:21 117:1 119:24 133:5,10 Highland's 7:23 7:25 8:19,22 114:20,23 116:4,16 131:24 132:3,7 132:13,17,22 133:1,15,22 Hillis 32:12 history 11:9 Hold 62:18 hope 57:13 97:13 hopefully 82:11 hoping 68:15 house 75:1 hundreds 50:7 51:8 hypothetically 22:4,17 hypotheticals 21:17	I i.e 114:9 idea 58:2,7 75:12 75:24 89:13 93:1 105:17 106:3 identification 30:16,22 31:19 42:18 43:5 57:1 59:10 62:22 65:19 72:14 76:18 83:5 85:23 88:5 90:2 identifies 123:23 124:1 identify 112:2 125:18 identifying 66:23 image 47:2,5,19 48:2 imagine 15:7 immediately 61:14 important 93:14 Impressive 11:23 include 71:18 72:10 100:1 118:25 121:13 130:7 included 15:14 16:9 31:24 102:5 111:25 118:6,13 121:21,22 122:10 123:12 124:4,5 127:2 includes 63:5,7 including 88:11 124:2 income 63:7,21 incoming 67:7 incorrect 123:9 124:14 increase 94:19 incumbency	53:13,17,19 INDEX 3:1 indirect 27:7 indirectly 70:12 individualized 131:14 Info 3:25 4:1 info@dickman... 136:3 information 4:9 29:25 34:13 61:14 63:3,7 64:17 65:5,11 69:12,15 84:6 86:15 116:3 127:2 130:10 informed 112:21 125:24 126:1 initiated 74:11 92:3 ink 49:8,13 55:3 55:8 ink-signed 55:11 input 29:25 88:24 installment 128:24 129:7 instance 1:20 20:6 23:8 35:21 instances 24:1 40:1,24 instruct 127:11 127:15 instructed 128:9 128:11 instructing 101:18 instruction 72:2 74:17 76:8 100:16 101:14 101:22 103:12 129:4,11 instructions 24:2 24:3 32:16 69:14 76:1	100:21 101:9 103:19 129:3 instructs 7:5 insurance 39:10 insurer 39:8 intend 113:5 interco 32:14 34:11 intercompany 17:22 18:13 19:17 20:4,13 20:16 21:3,8 34:12 35:7 36:19,25 37:12 40:24 53:8 111:15,16 124:23 125:4 126:25 133:6 interest 19:7 43:16 49:2 68:18 73:25 78:14,16,24 79:20,22 80:11 85:15 125:4,19 interested 84:9 135:19 interjects 64:4 intermediary 24:3 internal 18:21 41:8 46:13,20 69:19 internally 77:1 investigation 97:5 invoice 108:13 involved 18:12 19:16,20,24 36:21 39:20 40:9 126:14 131:8 involvement 19:10 irrespective 26:16,24	IRS 49:3 issue 79:3 95:14 96:16 97:25 98:16 114:2 118:8 131:2,2,6 132:5,9,19 issued 131:9 issues 40:7,10 60:16 61:21 115:4,15 J J-F-O-R-S-H... 44:10 Jack 59:13 60:4,8 64:6 65:2 92:18 James 4:8 5:1,2 61:14,15,18,21 61:25 62:3 Jan 4:8 5:2,5 January 10:17 24:24 28:20 29:6,11 62:25 64:15 71:25 88:2,21 89:9 90:5,7,17,22 91:4 93:8 106:10,25 127:23 128:8 128:15 jealousy 24:7 jerk 24:12 JFORSHEE 44:10 Jim 2:20 21:10 23:14,18 34:19 35:24 52:19,20 54:2 63:2 64:10 67:3 73:8 84:4 99:18 101:2,4 102:16 104:1,7 104:14,22,25 105:1 125:25 Jim's 99:21 jive 87:20
---	--	--	---	---

Kristin Hendrix - October 27, 2021

jmorris@pszjl... 2:14 job 6:20 11:14 17:9 20:25 24:19,22 43:11 45:1,14 103:1,6 103:10 John 2:12 4:7 8:24 95:21,23 97:4 JONES 2:10 June 86:25 87:6 116:5 120:23	47:16 48:6,6 50:10 52:18,25 57:25 59:6 76:15,21 78:15 82:15 89:17 92:18,19 99:21 101:4 103:24 104:17 107:19 108:7,25 110:2 117:4 118:15 120:22 121:6 121:19,20 122:15 124:4 128:7 130:24 131:12	Lawler 109:20 109:23 Lawn 2:17 lawsuit 28:24 29:5,8 lawsuits 28:1,9 28:13,25 29:17 29:21 30:1 lawyer 9:4 lawyers 44:14 lay 67:7 leading 39:20 108:15,21 109:1 learn 95:20 ledger 76:12 left 61:9 87:15 legal 7:23,25 10:9 16:13 17:14,25 18:2,5,11,21 19:10,16 28:10 46:14,20 72:21 lend 21:22 23:1 110:22 length 93:25 let's 10:12 11:9 12:17 14:8,18 21:17 30:8 34:25 44:24 45:13 47:14 54:19 55:1 72:10 78:1 99:24 115:11 120:23 letter 4:11 65:14 115:14,23 letters 29:11,14 115:14,20 letting 92:18 liabilities 118:14 liability 40:16 118:6 license 10:24 11:2 limited 107:25	lines 61:7 listed 78:17 litigations 27:8 little 28:9 44:7 55:1 58:9,24 78:12 94:17 98:12 131:18 live 10:14,15 LLP 2:17 loan 3:15,25 4:1 18:18 31:5 32:14 33:25 34:11,12,14,25 35:14,17,17,22 36:19,25 37:6,7 37:17,17 38:25 39:12 40:15,21 45:13,15,18,22 46:12,14 48:15 49:1,4,5,24 50:9 58:5 72:25 76:24 79:21 80:6,7 87:22 103:22 104:6 104:20 111:15 111:16,18,20 112:10,23 113:2 119:9 124:23 125:4 133:6 loans 35:9,12 37:4,6,13,22 38:6 39:4 41:9 41:12,19 48:14 48:17 50:7,19 50:22 51:8 53:21 66:23 67:8 98:16,17 98:17,20,25 106:9 107:13 109:9 110:5,6 126:2 131:19 logically 36:10 40:23 71:18 logs 75:19	long 7:20 21:24 74:21 75:6 110:4 look 30:17 54:15 57:7 75:18 77:2 78:11 80:21 93:20 94:6 looked 31:5 123:16 looking 56:21,23 58:10 79:24 81:10 86:21 87:14 119:23 looks 60:24 64:9 76:23 77:4 79:19 loosely 17:2 lot 28:25 lots 40:6 LP 15:4,15 27:20 27:23 70:1,4
K				M
K-l-o-s 8:25 keep 29:1 77:6,9 95:4 125:24 126:1 kept 54:22 55:11 56:12 77:5 121:20 kind 11:5 18:4 23:21 24:6,11 34:3 50:3 54:19 81:13 122:21 Klos 3:14 8:24,25 9:5,12 13:1,6 13:10 25:10,21 29:24 31:16 33:17 34:10,18 35:21 36:18,24 37:20 38:12 46:7 97:2,3 111:8,13 112:6 Klos' 13:2 41:17 knew 40:3 126:3 128:19 know 6:24 19:20 19:23 20:19 25:14,25 28:7 33:10,11,13 36:11 38:17,21 39:22,25 40:1,5 43:21 44:11	knowledge 27:6 36:1,4 37:14 40:11,13 52:15 69:11 77:7 108:4 112:9,11 112:20 116:1 121:14 122:2 known 67:14,17 97:11 KOPF 2:3 Kristin 1:14,18 5:5 6:1,6 32:1,2 32:14 57:8 61:20 134:13	L L.P 1:6,10 labeled 82:15 labels 30:7 laid 24:12 land 84:5 landline 75:2 large 35:8 lasted 75:6 late 126:9 Lauren 4:22 86:21 law 2:5,12,19 6:18 18:22 44:16		ma'am 31:21 57:7 87:1 111:4 machine 1:24 maintain 6:9,10 maintained 77:1 82:7 maker 19:4,5 21:3 43:15 132:1 making 13:20 21:5 81:7 99:20 101:2,25 103:22,23 104:3 management 1:6 1:9 12:20 13:14 13:15 14:2,24 15:4,22 17:17 27:23 85:5 108:1 115:13 115:19,23 manager 12:8,12

Kristin Hendrix - October 27, 2021

12:18 manual 104:9,12 March 12:2 mark 59:3 marked 30:15,21 31:18 42:17 43:4 56:25 59:9 62:21 65:18 72:13 76:17 83:4 85:21,22 88:4 90:1 113:13 119:14 material 97:22 98:1,4,6,10 104:6 120:3,4 133:16,21 materials 121:12 maturity 80:13 MBA 10:23 11:20 mean 7:17 13:15 14:22,23 15:3 19:1 35:16 48:20 57:24 68:24 78:13,15 87:11,24 111:16 meaning 27:20 27:22 54:25 70:18 means 27:15 35:15 58:22 71:16 111:18 meeting 34:17 67:2 meetings 66:22 66:25 memorandum 48:20 memory 9:17 19:14 20:9 29:3 29:7,17,19,23 32:20,24 34:3 37:9 38:2 41:22 42:1,20 43:7,10	45:24 47:4 48:10,13 50:15 51:1 53:23 54:4 54:10 57:23 58:9,20 69:18 72:24 74:4 81:6 81:17 86:8,10 90:15,20 91:21 92:6 mentioned 11:24 13:14 22:12 25:9 29:10 41:7 44:25 45:21 51:6 64:21 125:7 merit 25:17 met 108:11 metadata 42:21 42:21,24 43:21 43:24 44:8,24 56:15,20 57:4 Michael 2:18 94:24 michael.aigen... 2:22 mid 128:19 middle 89:8 million 30:12,20 32:13,21 33:1 33:19,20,25 34:5 35:3 36:25 37:12,12 38:18 38:22,25 39:3,7 39:8,11,23 40:15,21 42:15 42:16 43:2,3 58:5,11,13,13 66:9,13 81:1,1 81:2 85:1,6,9 87:3 90:23 91:3 91:23 110:23 111:10 112:14 113:14,14 120:24 121:13 122:10 123:5,9	123:12 124:11 mind 71:18 minute 30:8 minutes 94:3 mischaracteriz... 116:25 Mischaracterizes 41:2 misleading 42:9 missed 88:25 105:12 misspeak 30:5 mistake 51:12 113:1,18 114:2 116:20 117:21 118:25 119:12 125:3 132:9 mistakenly 51:25 mistakes 51:17 51:19,22 120:19 modified 44:19 57:8 moment 72:9 Monday 9:2 monetize 68:2,10 money 13:21 21:11,13,15,21 21:21,22 22:5 34:24 35:13 37:7,17 53:21 54:23 81:15,19 81:22,24 92:16 111:19 month 106:10 months 40:7 morning 6:4 9:3 67:11 82:14 125:6 Morris 2:12 3:6 4:7 7:3 8:24 9:6 9:9 14:14,21 15:24 16:22 18:14 19:11 20:23 22:8,21	24:8,15 28:3 30:2 31:10 34:6 35:10 36:13 38:7 39:17 41:1 41:13 42:9 45:3 46:4 47:20 48:22 49:10,20 50:4 51:3,14,20 52:1 53:9 55:5 55:19 56:4 57:17 58:16 62:18 65:16 67:10 69:8 70:15 73:20 74:5 75:7,11 77:22 78:8 79:7 79:9,13 80:3,16 82:1,14,16,23 83:2,6,10 85:25 87:7 88:15 89:2 89:15 93:22 94:15,17 95:21 95:25 96:2,6,18 96:23 102:2 103:13 105:19 106:6,18 111:6 113:11,22 114:13,19 118:12,23 119:5 121:19 122:15 128:3,4 129:22 133:24 mouth 23:21 move 9:10 21:11 21:13,15 94:16 109:8 moved 23:4 multiple 54:19 MUNSCH 2:3 <hr/> N <hr/> name 6:5 32:8 44:12 57:18 94:24 109:24 110:3	Nancy 108:9 NAP 27:14 native 78:9 NAV 38:22 39:9 39:16,20,23 40:10 107:21 108:5 near 14:7 necessarily 17:23 19:10 103:25 need 9:16 14:6 19:2 21:11 25:14,25 34:24 52:6 54:1 59:1 81:19,20 82:12 86:19 93:17 needed 21:21 22:5,18 23:1,4 40:1 53:12 81:11,14,23 104:25 needs 104:7,8,13 negative 78:20,25 79:2 never 40:19,20 49:12 51:12 55:14 68:17 70:14,17 96:25 97:2 101:6,6,14 103:6 108:11 119:8 new 2:11 21:14 32:14 34:11,25 36:19 45:9 111:15,16,18 NexPoint 5:6 15:14,17,22 16:5 27:11,15 27:18,19,20 28:2,13,21 63:6 63:22 64:18 66:8,12,20 67:13,22 68:2 68:15,19,24 69:15,20 70:1,4
--	--	--	--	---

Kristin Hendrix - October 27, 2021

70:22 72:12	80:9,10,14,20	notice 88:3 89:8	39:17 41:1,13	25:3 28:19 30:5
76:24 77:7,13	81:8,23 85:14	notices 28:22	45:3 46:4 47:20	31:23 32:11
77:20 80:20	90:18 91:16,19	noting 14:5	48:22 49:10,20	33:22 34:3 36:1
81:7,22 84:9	91:23 92:14	November 59:12	50:4 51:3,14,20	38:2 39:14
85:2 88:3 90:9	127:16 133:10	61:6 62:6,10	52:1 53:9 55:5	42:13 43:6
90:17,23 91:16	notes 4:12,19	66:19 67:12,19	55:19 56:4	49:25 58:23
91:23 92:13,16	14:9 16:16	68:1,7,14,21	57:17 58:16	60:11 62:1
93:10,11 120:6	17:22 18:13	71:4 72:4 74:10	65:16 69:8	63:17 70:25
123:24 127:14	19:17,21,21	75:18 76:3	70:15 73:20	79:25 84:8 85:1
127:16 128:23	20:4,13,17,22	93:21 127:6	74:5 75:7 77:22	89:24 93:7 94:1
129:6,18	21:4,8,14,14	128:20 129:24	80:3,16 82:1	110:17 112:8
131:13	22:13 27:3	135:22	87:7 88:15 89:2	113:11 115:17
NexPoint's 16:5	28:14 30:24	November/Dec...	89:15 96:18	118:18 119:5
16:9	31:1 38:11 41:7	125:14	102:2 103:13	121:13 123:15
Nope 8:7 76:7	42:7,22 43:12	NPA 4:17 27:18	105:19 106:6	126:15,22
91:12	45:2 46:21,22	27:19 86:24	106:18 113:8,9	129:13 130:19
normal 34:16	47:6 50:1 52:10	99:4 100:3	114:17 118:9	131:23 134:2
103:23,23	52:16,17,24	number 79:2,6	118:21 119:3	once 104:5
normally 107:15	53:1,8,25 54:5	79:11,18 80:23	121:17 122:12	ones 53:2 109:18
North 1:24 2:3	54:12,23 55:3,8	84:10,13 85:2,9	129:21	ongoing 77:20
10:22 11:13	55:11 56:2,8,10	87:20,21 89:14	objections 7:5	oOo-- 134:5
136:2	59:2 62:11	89:18,20,21	obligations 14:19	open 120:5
NORTHERN 1:2	65:15 66:5	111:7 120:1	16:6,10 118:7	opinion 98:5
note 3:10,12,17	69:21 73:10	123:5,9,12	132:1	opposed 23:23
3:19,21,23 4:14	77:10 84:16	124:2,11,14,17	obligor 15:18	39:12 49:8
5:3,6 14:19	85:12 95:14	numbered 1:21	obviously 14:11	52:12 98:17
15:18 16:10,21	96:16 97:10	numbers 26:1	35:6 59:1	oral 91:25 95:9
17:1,3,6 18:16	111:2 113:6,11	78:20 80:21	occasion 22:18	95:13 96:4,8,12
18:19 19:22,25	113:12,16,18	84:15	occurred 95:15	96:23 97:6,9,11
21:4,23 22:7,20	114:2,7,16	NY 2:11	96:4,17 97:7	97:20,25 98:9
23:9 28:21	116:7,11,15,25		106:17	132:20
30:11,19 31:8	117:18,22,25	O	Oct 4:22	orally 37:10
32:15,21 33:2	118:1,7,18	oOo-- 1:4	October 1:15,21	50:16
33:20 35:3,18	119:1,12 120:6	Oak 2:17	86:22 94:9	order 97:6
42:15 43:2,3,11	121:15,21,22	oath 6:17 95:5	122:17,19	ordinary 103:23
45:9 46:16	122:11 123:13	object 113:19	office 10:1 34:1	104:13,19,23
56:21,22 58:11	124:6 125:19	114:8	54:8 57:3	original 30:11
58:13,13 66:9	126:25 127:12	objecting 114:10	officer 52:13	54:23,25 55:11
66:13,16,20	127:24 128:8	objection 7:3	69:25 70:7	originally 48:7
67:13,22 68:2,5	128:21 130:8	14:14,21 15:24	officers 109:10	outcome 27:8
68:8,10,16,19	130:14 131:5,8	16:22 18:14	109:13	outgoing 67:7
68:23,24 71:13	131:9,13,14,25	19:11 20:23	oftentimes 13:23	outside 18:21
71:19 72:6,11	132:5,9,15,19	22:8,21 24:8,15	34:23	89:6
72:12,16,20	132:24 133:3	28:3 34:6 35:10	oh 67:21	outstanding 66:5
73:4 76:13 77:7	133:16	36:13 38:7	okay 6:11 7:1,7	80:11 120:4

Kristin Hendrix - October 27, 2021

121:21 131:19 131:22 overdue 60:19 overhead 103:24 104:3 oversaw 12:22 115:1 overseeing 117:14 owed 54:23,24 59:18 84:16 108:23 owing 123:23 124:1	17:9,13 25:17 26:8 27:4 44:8 70:13 97:11 103:5,10 107:15 109:11 120:12 130:23 133:7,11 participate 126:15 particular 17:13 52:11,13 56:8 81:18 98:19 parties 21:12 99:21 135:18 135:21 Partners 2:21 94:25 partnership 107:25 pass 94:14 passwords 47:17 patient 25:1 pattern 38:3 Paul 109:16,20 109:21 pay 14:19 21:4 21:12,13 22:7 22:13,20 39:2 40:1 68:24 69:20 108:17 108:23 109:3 payable 14:8,16 51:24 120:5 payee 133:11 payment 16:4 32:17 67:17 70:22 72:6 88:13,25 90:8 92:8,11,12,15 92:17 93:9 100:25 101:15 101:24 103:6 103:11,18,20 103:22 104:3,6 105:12,14	106:20 107:4,5 107:7,9 124:21 124:22 125:3 127:15 129:14 129:16 payments 13:20 66:23 67:8 71:6 71:10,16 73:3,4 73:9,12,18,25 74:17 76:13 78:17 81:7 98:20,24 99:5 99:10,13,16,20 99:21 100:14 100:17,18,21 100:24 101:3,4 101:7,10,13,19 102:1,8,11,19 102:23 103:2 103:15,24 104:18,20 105:5,9,17,25 106:9,13,25 107:12 126:2 126:24 127:7 127:11,18,23 128:7,12,15,20 128:24 129:7 129:10,19 130:7,14 131:21 PC 2:3 PDF 30:13,24 58:22 penalty 6:17 134:6 people 37:22 47:18 61:3 73:16 76:14 perceived 120:19 percent 49:14 80:12 performance 26:16 period 14:2 15:6	107:21 108:5 108:16,22 109:1 125:15 135:15 periodically 23:18,19 perjury 6:17 134:6 person 13:18 23:8,18 37:25 38:1 44:11 46:6 131:23 132:3,7 132:13,17,22 133:1,14 135:8 personal 10:5 personally 23:17 73:13 101:20 101:21 114:24 123:19 130:2 phone 38:1 71:5 72:5 74:20,21 75:2,3,5,5,14 75:19 76:15 92:2,3,6 93:15 93:21 94:6 99:4 100:12 picking 79:20 pictures 47:11 pieces 7:14,18 pile 58:25 111:7 pin 21:18 pinpoint 90:21 pique 76:6 place 135:8 Plaintiff 1:7 2:13 play 27:3 29:13 114:22 115:6 117:7,10 126:18 please 6:24 10:13 10:16 11:8 32:13,15,16 42:11,25 61:20 61:22 62:2 63:3 64:5 66:10	75:20 89:25 122:18 point 42:2 44:14 55:2 66:16 69:24 70:6 policy 104:9,11 104:15 pop 84:5 portion 8:9 position 9:7 12:8 110:4 positive 79:6,11 79:18 possible 32:17 36:21 58:15,18 65:1 93:6,19 95:4 109:21 possibly 41:20 55:21 58:7 73:8 104:22 postsecondary 10:19 potential 16:4 68:4,8 potentially 25:19 34:19 95:14 97:10 practice 17:20 18:11,18,23 34:16,21 48:17 49:7,9 50:20 53:7,12,16,17 prep 32:15 preparation 7:8 9:13 prepare 16:20 45:8 84:18 130:2 prepared 16:25 42:12 46:19 54:6 76:12 77:3 84:21 86:15 128:18 preparing 95:22 97:17 131:24
P				
P.M 1:22 134:4 PACHULSKI 2:10 page 3:2,8 46:25 78:23 79:4,8 80:22 100:8 119:25 120:15 paid 14:6 26:13 39:8 51:25 78:14,14,15,24 79:5,11 80:22 109:6 paper 34:25 37:6 45:14,18 49:1,4 49:24 50:22 54:22,25 55:3 55:14 56:13 papered 35:14,16 37:16 45:22 46:3,12 50:7 51:7 54:13 55:18 56:10 57:15 58:5 72:21 papering 35:17 45:13,25 72:25 paralegal 82:17 paren 120:5,6 part 7:9 16:2				

Kristin Hendrix - October 27, 2021

prepayments 81:25	privy 64:9,11 69:19	68:5 71:13,19 72:11,12,16	19:12 20:19,24 22:9,22 24:9,16	49:2 80:12
presence 25:4	probably 9:15	76:13 77:7,10	28:4 29:5,16	ratio 107:21
present 9:4,6,12 24:5 45:24 90:15 97:3	17:2 49:14 50:6 58:22 61:9 63:15 99:15 109:8 126:13	80:9 81:8 113:6 113:11,12,16 114:2,7,16 116:7,11,15 117:17,22	34:7 35:11 36:14,23 37:1 38:8 39:18 41:2 41:14 45:4,5 46:5 47:21	108:5
presented 116:1	proceed 61:20,25	118:7 119:12	48:23 49:11,21	re-up 86:16
presenting 46:14 97:18	proceeding 46:20	122:11 124:6	50:5 51:15,21	reached 108:5
preserve 78:8	proceedings 95:1	prompt 128:14	52:2,4 53:10	read 7:9 8:9
pretty 14:11 109:8	95:3,12	prompted 83:22	54:18 55:6,15	32:18 82:21
previous 100:9	process 31:7	prospect 53:20	55:20 56:5	86:17 119:25
previously 17:24 48:25 131:9	32:16 45:11,12 120:12	provide 7:12	58:17 65:17	reading 81:9
Pricewaterhou...	produce 78:9	9:19 15:21	66:10 69:9	ready 94:16
116:9,12 117:5	produced 1:18	30:11 42:21	70:16 73:21	real 11:14
117:17 118:2,5	17:24 33:15	59:17 63:3 64:5	74:6 75:8 77:23	really 35:13
130:20	34:1 59:4 67:10	64:16 119:16	80:4,17 82:2	67:21
principal 30:12	76:20 82:14,19 125:6	121:25	84:14 86:9,19	reason 6:23
78:14,17 79:5	product 115:13	provided 17:24	86:20 87:8,19	22:23,25 52:11
79:11,23 80:10	production 10:1	33:5,9,10 61:14	88:16 89:3,16	52:13 56:1,6,7
89:23 121:14	33:15	70:12 89:17	95:10 96:10,19	72:7 77:3 82:5
122:10 124:5	profitability	121:11 122:5	100:9 102:3	82:8 101:13
124:19 125:3	26:25	129:11 135:15	103:14 105:20	129:13,16
125:18 130:14	program 47:25	provides 120:7	106:19 113:9	131:1
print 56:1	programs 47:16	providing 15:10	113:24 124:17	recall 7:19 10:8
printed 42:8,12	projections 17:18	54:8 65:5	127:8 128:5	21:6 34:15,20
42:24 47:18	promised 39:2	public 16:19	questions 6:21,24	36:16 37:2
55:18,22 56:7	promissory 3:10	pull 119:14	7:6 8:8 61:21	44:11 46:10
57:4,21,22,24	3:12,17,19,21	pulled 49:3	95:2 110:16	50:14,20 51:17
57:25 58:11,14	3:23 4:12,14	purpose 86:12	115:4 133:24	51:23 52:4
58:21,22	5:3 14:9 15:18	125:22	quick 52:5 95:4	55:25 56:7
printing 55:23,25	16:10,16,20	purposes 39:5	107:23	59:22,25 60:2,3
printouts 42:21	17:1,3,6,22	98:1 126:23	quickly 6:16	60:8,10 63:11
prior 9:25 10:4	18:13 19:17	purview 89:6	109:8	64:1 65:3 66:7
19:17 28:11	27:3 28:13,21	put 23:20 84:25	quite 36:21 41:20	67:3 68:22,25
35:24 40:25	30:11,19 31:1,8	PwC 97:21 98:1	104:24	69:22 72:3 73:1
55:2 65:23	32:21 33:2	117:22	quote 120:3	74:11 83:22
71:25 86:9 96:6	35:18 38:11			84:4,23,25
105:3 108:6	42:7 43:11,12	Q	R	86:12 88:17
124:24 127:19	45:1,9 47:6	qualification	R-o-e-b-e-r 32:10	91:25 92:3 93:5
128:12 133:12	52:10,24 53:1,8	16:20	raise 131:1	93:7 102:21
privileged 9:8	53:25 54:5,12	question 7:1	raised 95:12	104:21 105:15
95:24	54:23 55:11	14:10,22 15:25	range 89:10	107:6 108:25
		16:23 18:15	rate 19:7 43:16	109:14 112:3
				112:13,15,17
				116:4,15 118:5
				119:5,8,19
				120:16 123:4
				123:15 127:5

Kristin Hendrix - October 27, 2021

129:25 130:17 131:5 133:10 recalling 109:16 Receivable 4:19 receivables 130:25 131:22 received 63:13 64:21 71:5 129:2 receiving 32:4 124:23 recipient 60:25 recognize 44:12 recollection 20:2 21:7 38:20 52:21,23 54:14 55:10 64:13 67:12 77:13 100:11 106:24 107:2,8 108:2 121:24 126:9 reconciling 13:20 record 7:15,16 30:8,9 44:4,6 52:6,7 53:3 56:18 62:19,20 72:10 75:5 78:8 82:19 83:13,14 93:20 94:4,21 98:14 110:18 recorded 73:11 81:24 recording 73:18 records 10:6,6 59:18 62:7 64:5 73:12 reduced 135:10 refer 99:25 reference 71:13 119:1 121:2,6,9 referenced 34:5 84:6 referencing 33:25 121:10 referred 96:2	referring 66:25 100:2,5 reflected 118:7 123:12 reflecting 43:15 refresh 9:17 42:1 42:20 69:18 108:1 regarding 86:1 90:17 107:12 regardless 99:16 regularly 23:24 reinforces 41:8 reissue 21:14 related 9:13 21:11 33:1 38:22 57:21 95:9 96:7 98:16 99:21 135:20 relates 32:21 64:17 relation 115:7 relieve 93:10,11 rely 42:8 remember 19:19 20:14 21:3 28:16 30:25 31:3,4 32:4 41:19 54:7 55:23 61:2,5,8 64:23,25 65:4,8 65:23 66:18 67:20 74:21,24 85:10 86:14 90:5,7,12 100:13,14,16 100:20 106:16 109:15,24 110:3,5,6 remotely 6:8 renewal 120:12 reorganized 25:7 25:15 26:17,24 27:2 rep 115:13,19,23	repaid 23:10 repay 69:6 repeat 14:10 22:10 28:15 44:22 66:10 rephrase 6:25 report 12:25 25:9 25:12 114:25 115:25 117:14 123:6 reported 1:23 13:6 36:22 reporter 135:1,3 135:15 reporters 27:13 reporting 12:22 12:23 13:22 reports 127:3 repository 54:22 55:9 represent 27:10 46:25 57:3 83:1 94:24 107:23 represented 2:4 2:11,18 93:5 representing 42:23 request 4:9 60:5 84:22 requested 63:3 63:21 64:5,17 84:2 135:13,14 requesting 63:25 requests 10:1 69:14 115:3 required 7:6 21:4 respect 26:25 29:20 43:8,17 48:10 51:12 73:3,17 92:13 98:24 106:9,12 112:13 114:22 127:16 respectfully 39:5 respecting 45:22	respectively 113:15 respond 122:23 responded 65:1 response 60:13 120:15,19 122:16,25 responsibilities 97:12 103:6,10 responsibility 69:7 102:23 105:2 responsible 14:5 17:21 31:7 45:18 77:19 97:17 101:25 126:20 131:23 132:3,7,13,17 132:22 133:1 133:15 responsive 10:6 rest 44:23 restrictive 47:17 restroom 52:6 93:16 restructured 19:21 retail 86:15 119:17,24 121:25 122:5,9 122:17 123:1,6 reveal 50:11 review 8:4 50:11 54:11 119:21 125:10,17 135:13 reviewed 9:15,19 reviewing 32:24 115:11 revised 17:6 right 12:6 13:21 14:16 25:7 27:15,20 28:18 35:22 45:9,10 47:19 49:3	56:14 65:6,7 69:16 75:14 80:24 83:17 88:21 91:24 96:9 102:25 111:23 120:20 122:19,20 123:21,24,25 124:2 127:25 130:11,12 131:10 Roeber 32:9 112:7 role 12:5,18 13:12 29:13 46:8 69:25 70:7 73:3,4,6,17,22 106:12 114:22 115:6,10 117:7 117:10,12 126:18 roles 73:6 roll-up 72:22 131:9 rolled 79:23 131:13 Romey 61:15,18 61:25 62:3 room 75:15 roughly 39:3 routine 20:4,21 20:25 routinely 21:1 row 131:3 RPR 1:23 rude 25:3 Rukavina 2:5 3:3 3:5 6:4 7:4,15 7:17 9:7,10,11 14:15,23,25 16:2,25 18:17 19:14 21:2 22:11,24 24:11 24:18 28:5 30:4 30:10,17,23
--	--	--	---	---

Kristin Hendrix - October 27, 2021

31:12,20 34:10	125:6 126:12	86:23 87:1,5	services 15:11,22	96:10 112:13
35:16 36:18	saying 37:19	89:8,11 105:9	70:13,13 86:16	single 104:2,3
38:10 39:22	41:15 49:23	115:11 120:9	119:17,19	sitting 30:25
41:4,17 42:19	53:4 73:8 76:14	120:22,25	120:7	33:24 42:1
43:6 44:4,7	93:19 99:5	121:4 126:4	set 26:10,11,14	50:15 53:23
45:5 46:8 47:22	101:9	seeing 31:4 50:14	35:15 53:21	54:4 55:24 82:4
49:6,17,25	says 32:1,6 34:10	57:14 65:23	shape 37:10	85:16 91:21
50:10 51:6,17	44:10,13,18	90:12	shared 54:9,16	105:16 106:23
51:24 52:5,8	57:8,22,25	seek 46:20	55:14 70:13	situation 34:9
53:4,15 55:9,23	60:23 63:2 64:4	seeking 24:3	77:16 86:16	slightly 96:10
56:9,19 57:2,20	78:25 86:23	seen 33:14 65:22	shareholders	SMU 10:23
58:19 59:11	87:10 89:9	69:13 72:15	39:2	so-called 15:22
62:19,23 65:20	120:2,22	76:21 88:7	sheet 118:6	somebody 35:19
69:13 70:19	scan 55:13	122:25	121:11	37:8 53:12,12
72:15 73:24	schedule 76:24	Seery 4:8 5:1 8:8	sheets 63:8,22	53:19 55:21
74:8 75:9,13	77:5,6,21 80:20	25:12,20 29:24	short 74:22 75:17	129:3
76:19 78:1,7,11	82:7 85:3,13,17	59:13 60:18,22	75:23 93:15	soon 32:17
79:8,10,14 80:8	131:20	61:12 62:4,6,9	shorthand 1:24	sophisticated
80:19 82:4,21	scheduled 16:4,7	63:1,2 64:4	135:2,7,25	14:12
82:25 83:8,13	schedules 77:9	65:9 67:3,14,17	shortly 11:11,12	sorry 11:12 14:24
83:15 85:24	85:12	67:25 68:13,22	show 82:10	19:15 47:8 52:4
86:2 87:9 88:6	schooling 10:20	69:14 88:11,23	showing 92:15	57:21 66:2
88:20 89:5,19	Scott 4:3 18:9	96:25 125:25	131:21	82:23 92:12
90:3 93:23 94:5	60:4,12,15	126:13	sick 82:17	97:3 103:9,23
94:14,19	61:10,13 62:1	Seery's 8:10,20	sign 52:20,20	109:20
110:17,20	Scott's 60:13	send 29:14 32:13	53:7,20,22 54:3	sort 25:21 43:23
113:8,19 114:8	scratch 17:3	34:24 37:7	104:25 105:1	96:11 97:24
114:17 118:9	search 10:5	53:21 59:7	113:5,18	sought 88:24
118:21 119:3	second 7:15 44:5	60:11 62:2	115:13	sound 58:15
121:17 122:12	62:18 78:23	63:17 83:22	signatory 52:14	sounds 98:3
125:7 128:2	80:22 99:24	sending 13:19	signature 46:15	speak 36:2
130:13 133:25	109:15	36:3 54:12	47:1,6,11,18	speaking 13:17
134:2	Secondly 87:16	60:17 61:2	49:8,14,15	43:11 44:1
	section 80:9 86:1	111:19	114:7,9,15	speakings 95:21
	118:19	senior 12:8,11,11	signed 47:9 52:10	specific 7:19
S	see 6:8 8:5,12,14	12:12,17	52:11,25 55:4,8	21:18 29:7
S-e-e-r-y 8:8	23:3 31:5,20	sense 44:12 58:1	115:14 131:6	34:21 36:4,17
Sadly 94:9	32:25 35:7	sent 28:22 29:11	132:5,9	37:1,14 38:2
salaries 108:17	54:11 57:9,21	37:17 42:9 83:2	signer 53:13	43:10 46:11,22
108:18,19	59:7,15,20 60:6	83:17 92:16,22	significant 20:20	47:25 48:11,13
salary 25:15	60:20 61:23	106:20 107:3	51:19,22	54:14 71:8
sale 68:4,8	63:5,9 64:2,7	111:21 123:19	signing 52:16,24	88:17 90:19
save 55:13 72:19	78:24 79:14	126:11,13	53:25	100:11 101:22
saved 56:11	80:15,18,24	separate 18:5	similar 32:25	103:11,18
saw 41:8 86:6	81:3 84:11 85:6	served 10:1	34:9 38:25	105:21 106:24
115:12 123:19				

Kristin Hendrix - October 27, 2021

127:6	135:9	sued 28:21	system 56:12	100:12 106:14
specifically 21:6	statement 99:3	suggest 124:14	77:16 84:20	107:1 109:22
21:10 23:11	statements 4:5	suing 28:5		110:8 112:8,25
29:9 34:15 37:8	13:20 63:7,8,21	Suite 2:4,17	T	113:4,17 114:1
49:12 50:12,16	63:22 97:16,17	136:2	T-h-e-d-f-o-r-d's	114:6,14
50:19 51:2 52:3	115:12 116:17	summarize 72:19	86:22	116:20,23,24
52:19 54:1,7	116:21 117:1,5	summary 7:12	take 25:14 30:8	117:21 118:25
55:8 64:25 65:3	117:11 119:2	8:14	38:11 45:5 52:5	119:6,11 122:4
65:4,8 68:25	122:4 133:18	summer 123:16	52:20 72:15	122:8 123:2,8
69:22 77:14	133:22	124:18	75:17 76:15	123:11 130:22
84:19,21 93:5	STATES 1:1	supervision	82:12 87:10	131:24 132:4,8
98:16 103:2,7	status 66:20	135:11	89:13 92:13	132:11,14,18
125:13,18	stay 26:4	supplementally	104:1 110:14	132:23 133:2
specifics 22:4	steps 92:13	9:19	taken 1:20 16:15	135:4
speculating 58:9	STINSON 2:17	supposed 98:20	17:6 45:8 135:7	telling 35:25
speculation	stop 34:24	sure 6:12,15	talk 7:21,24 8:1	37:11 53:24
106:4	stopped 23:22	10:21 11:4,11	8:17,20,23,25	100:13,21
sphere 69:6	stored 56:2	12:20 13:20	28:10 34:21	105:22 115:24
spit 48:1	straightforward	14:11 18:22	44:9 66:11,15	template 18:20
spoken 35:23	26:14	19:23 22:11	78:1	18:24 43:14,18
61:13	Strasburger	26:7 28:16 31:2	talked 9:12 97:4	45:8 46:17 58:4
spreadsheet 78:9	44:13,16	33:10,21,22	99:8	58:6,12
spreadsheets	Street 1:25 2:4	37:5 42:3,22	talking 8:19,22	templates 43:12
31:6 77:12	stretch 109:5	43:20 52:25	29:1 64:11	50:9
staff 48:2	strike 7:24 8:4	58:18 60:16	101:2 116:8	term 17:2 66:9
stake 27:7	15:8 38:16	62:1,19 63:17	121:15,23	66:16 67:8,13
stamp 47:19	52:22 53:5	65:4 66:11	125:13	73:10 76:24
82:18	68:12 87:9	75:21 76:11,11	taxes 14:9	77:10 98:17,25
standard 46:16	90:11	84:15 99:3	team 13:19 17:25	100:4 107:20
50:7 53:6,11,15	string 122:19	100:7 101:1	18:21 26:4 31:6	107:24 125:19
53:16 55:3	stuff 49:15	107:18 109:22	39:15 49:15,18	126:2 127:12
standing 67:2	stupid 86:9	115:16 125:24	50:24 51:7	127:16,24
STANG 2:10	subject 16:5	126:23 130:23	64:16 97:16	128:8,21 130:7
start 54:19 59:11	119:20,20	130:24	102:4 104:11	131:5,8,14
95:10 100:11	132:19	Surgent 29:24	106:15 115:2	terminology
started 11:13,17	subparts 86:20	surprise 76:1,3	telephone 23:17	27:14
20:11 100:10	Subscribed 134:7	surprised 94:11	74:11 75:23,25	TerreStar 38:22
starting 10:19	subsequent 14:7	surprises 40:8	tell 34:13,16,24	test 20:9
11:9	59:25 61:12	76:2	44:2 53:1 54:1	testified 6:2 45:7
starts 59:12	64:10 95:13	suspect 23:15	54:2 55:7 60:14	72:18 112:12
state 1:23 6:5	96:22 105:12	switch 58:24	63:24 71:23	113:13 127:22
10:25 67:25	116:13 118:3	sworn 1:19 6:2	74:19,23 79:22	129:22
68:14 76:22	118:19	135:4	79:24 84:3	testify 83:10,12
78:16 136:1	subsequently	synopsis 7:12	91:11,15,18	testifying 6:16
stated 48:25	32:11	8:14	93:24 99:2	testimony 19:8

Kristin Hendrix - October 27, 2021

20:1,15 26:23 41:2 51:11 56:10 99:9 135:9 Texas 1:2,23,25 10:15,22,25 11:13 134:8 136:1 thank 79:13 94:2 94:11,15 111:4 128:3 134:2 Thedford 4:22 120:2 122:22 Thedford's 86:21 120:15 123:5 thereto 135:21 thing 20:20 30:18 34:4 56:22 58:3 94:20 126:21 things 12:21 18:24 19:2,9 37:21,24 74:18 87:13 100:10 think 20:6 22:11 22:24 24:1,18 24:21 25:13 32:2 33:9 41:4 41:25 42:3 44:13,25 45:1 45:19,19,21,21 46:2 49:16 50:8 51:6 58:3 59:2 61:8,16 64:21 66:1 69:2 72:18 75:22 79:19 80:8 87:12 88:9 88:23 102:22 104:12 109:7 127:22 129:23 Third 2:10 thought 75:22 130:25 three 87:15 125:19 127:24 128:7,8,21	130:7 131:5 Tim 109:20,23 time 9:1,6 11:17 14:19,19 17:12 20:10 22:5,5,12 22:12 23:12 31:5 32:9 33:8 35:6 44:15 45:19 49:14 51:10,18 55:1 64:2 65:10 66:16,19 67:11 69:7,11,24 70:6 72:19 73:16 75:6 77:24 78:4 80:10,10 81:19 82:12 84:4 86:14 90:11 93:8,24 103:16 104:2 108:6,16 108:21,22 109:1 112:25 113:1,4,5,17 114:1,14 116:20,25 123:4,8,11 125:14 128:12 130:20 131:25 132:4,8,11,14 132:18,23 133:2 135:8 timely 128:24 129:6 times 9:12 29:2 51:4 109:4 title 12:13,14 13:2 46:11 69:25 70:7 today 8:23 11:23 13:10 25:6 28:2 30:25 32:16 33:24 41:19,23 42:1 50:15 53:23 54:4 55:24 65:5,8,23	82:4 83:2 85:16 90:13 91:21 94:12 95:1,22 105:16 106:23 121:23 today's 9:14 told 34:12 35:15 35:19,22 36:19 36:24 37:5,8 38:5,11,17 40:22 41:11,18 41:20 60:8 91:9 91:22 103:2,7 104:10,18 106:21,25 top 80:25 topic 88:19 92:5 95:8 96:11 109:7 130:19 topics 98:12 107:18 total 78:14,18 79:22 80:22 track 29:1 tracking 31:6 111:19 training 16:13 transaction 112:10,14,22 transactions 37:4 119:7 transcript 7:9 135:13 transfer 40:14 81:15 91:3,7,9 91:13,22 92:20 92:20 111:14 transferred 38:18 39:23 90:23 111:10 transferring 81:22 transfers 35:8 37:12 38:5 40:24	treasury 12:20 13:14,15 14:1 15:22 17:17 trigger 107:21 108:5 triggers 26:11 trouble 42:10 43:1 true 42:25 134:7 trusted 50:8 truth 135:5,5,5 try 10:5 20:10 95:2,3 105:8 trying 21:18 23:20 84:5 turning 19:22 two 24:4 27:25 29:18 30:1 31:1 37:18 38:4,21 42:7 43:8 46:22 52:16 53:25 54:5 57:7,14 70:13 73:16 86:20 106:9 109:14,18,24 110:6 113:12 116:7,11,25 117:17 118:7 121:15,22 122:10 123:13 124:6 TX 2:4,18 136:2 typewriting 135:10 typical 18:18,23 23:25 typically 21:10 35:1,5,6,12 47:7 52:19 54:2 101:1 typo 87:12 <hr/> U <hr/> Uh-huh 27:16 33:12 47:3	umbrella 13:25 99:23 unable 108:17 109:2 underlying 131:20 understand 6:16 6:20,21,24 10:9 15:3 26:7 27:10 33:22 39:14 41:22 56:16 58:8 84:14 95:5 119:16,23 122:21 125:8 125:15 128:5 understanding 13:3,5 25:1 27:5,25 43:24 44:20 50:22 57:23 62:5 63:20 70:21,25 71:3 78:22 79:17,25 81:6 89:20 98:23 115:9,22 126:5 128:19 131:16 133:14 understood 7:1 39:11 unfortunately 42:4 unilaterally 110:22 UNITED 1:1 University 10:21 unpaid 80:9 upcoming 67:16 72:6 73:3 74:1 126:1 update 43:11 45:1 58:7 77:20 updated 43:18 updating 17:23 18:23 19:1,3,25 50:8
---	---	--	---	---

Kristin Hendrix - October 27, 2021

use 21:17 45:12 47:19 48:12 49:18 59:1 79:1 100:4 usually 24:5	24:6 29:23 34:19 35:24 36:2 37:3,5,9 38:5 47:24 49:7 50:12,16 52:10 52:23 53:24 54:5,13 60:11 62:10 63:1,18 64:3 67:3 71:5 72:1 73:8 74:13 75:20 83:19 84:1 90:4,7,16 91:10,22 93:9 99:5,18 102:16 103:8,12,19 106:14 112:6,8 112:21,25 113:4,17,22,25 114:5,6,13 115:6 116:19 116:23 117:20 118:24 122:3,7 122:22 124:8 124:10,13,16 124:24 125:25 126:6,24 127:3 127:9,19 128:9 128:14,18,19 129:23 130:4 130:11	17:5 44:8,23 66:11,15 75:17 82:18 94:3 we're 6:7 27:22 28:16 29:1 30:6 35:19 50:22 58:9,24 59:2,3 76:11,11 85:20 93:22 100:7 104:3 116:8 125:13 we've 9:11 28:8 50:7 56:21,22 69:16 88:9 114:2 117:18 121:23 website 49:3 week 8:2,10 9:2 9:22,25 10:5 13:22 28:9,17 29:18 60:22 61:6 67:6 86:1 95:19 weekly 66:21,25 67:2 welcome 59:1 86:17 went 9:15 10:22 10:23 24:19,22 49:23 112:17 115:4 weren't 19:25 28:23 40:7,9 64:12 96:7 98:21,24 99:20 100:24 101:13 105:22 106:3 131:1 wire 34:25 106:15 107:3 withdrawn 113:23 117:25 120:3 124:9,21 126:6,7 127:7,9 129:15 132:12	133:9 withholding 116:3 within-entitled 135:6 witness 1:19 16:1 16:24 18:16 19:13 20:25 22:10,23 24:10 24:17 30:3 31:11 34:8 35:12 36:15 38:9 39:19 41:3 41:15 46:6 48:24 49:12,22 50:6 51:5,16,22 52:3 53:11 55:7 55:21 56:6 57:18 58:18 69:10 70:17 73:22 74:7 75:12 77:24 80:5,18 82:3 83:10,12 88:17 89:4,17 94:14 96:20 102:4 103:15 105:21 106:7,20 113:21 114:12 114:18 118:11 119:4 121:18 122:14 135:3 135:10 word 42:6,6 43:7 43:8 45:11 47:2 77:13 words 21:5 23:20 68:14 work 11:8 52:4 98:2 126:22 worked 11:16,18 36:6 61:19 110:5 works 35:1 world 113:25	114:5,14 116:24 117:21 118:24 119:6 119:11 122:3,8 124:17 wouldn't 36:22 37:6 53:22 wrap-up 110:16 write 60:4 writes 60:18,22 61:13,20 writing 37:10 41:14 64:3 114:25 117:14 written 80:7 82:19 91:25 99:7 104:12,15 wrong 57:5 87:13 99:7 wrongly 123:12 www.dickman... 136:4
<hr/> V <hr/> Vaguely 63:12 valid 131:25 valuation 39:15 various 14:15 15:11 59:13 verbatim 27:14 78:25 85:20 86:22 verification 50:3 version 30:13 42:7 versions 30:24 video 8:5,12 59:6 62:16 85:24 videoconference 1:19 2:19 view 41:9 volume 94:19 vs 1:8	<hr/> W <hr/> wait 44:23 walk 10:18 11:8 walking 54:7 want 28:10 47:15 58:25 86:18 95:8 100:7 wanted 52:19 54:2,9 60:12,14 82:17 84:7 102:11 105:9 wanting 65:10 wasn't 108:23 114:6,15 127:7 129:14 Waterhouse 4:21 7:10,21 13:7,8 23:13,22,23	<hr/> X <hr/> <hr/> Y <hr/> yeah 7:2 14:13 21:10 34:9 44:23 51:9 80:18 93:17 year 12:2 20:10 26:14 78:1,5 81:6 104:5 127:15 128:21 128:25 129:7 129:14 130:8 131:21 years 11:15,18 12:9 18:20 21:9 22:25 23:9 36:7 37:18 40:25 51:7 52:4 104:21,22 108:15 109:17 110:8,10,12		

Kristin Hendrix - October 27, 2021

131:3 133:5,12 Yep 76:9 123:17 yesterday 9:2 86:7,9 York 2:11	12.3 120:24 121:13 123:5,9 12/30/29 78:25 13 4:14 72:11,13 72:16 13-week 67:5 125:7,10,14,23 126:16,19 128:17 130:3,6 14 4:17 22:25 23:9 36:7 40:25 76:10,17,19 82:6 85:17 90:22 91:4 93:8 14-year 38:3 15 4:19 36:7 83:1 83:4,15,17 84:8 84:14,18,19 85:7 87:21 89:21,22 123:16,22 124:5 133:5 15(c) 4:22 86:1 121:11 16 4:21 85:21,22 85:25 86:3 119:15,23 17 5:1 11:15 52:4 88:2,4,7 18 5:5 89:25 90:1 90:3 19 59:12 1982 10:17	2.4 30:20 32:13 32:21 33:19 37:12 38:22 39:7 42:16 43:3 58:5,11 111:10 113:14 2.4- 110:22 2.4M 3:12,19,23 2000 86:22 2001 127:23 2004 10:21 11:12 2005 11:11 20:16 21:2,9,19 2009 10:23 2014 133:12 2015 10:24 2017 12:15 19:23 73:2 74:7 131:6 131:12 2018 116:4,16 117:1,11,23 118:3,11,14,18 119:1 128:25 2019 3:14 12:10 12:17,19,25 13:8,14 17:9,12 17:20 18:2,8,10 18:10 19:15 20:2,2 21:2,9 21:19 23:16,16 24:12,14 30:20 31:17 34:14 37:11 38:17,21 39:6,14 40:3,5 41:11,18 44:25 45:14 46:9,12 46:19 47:12,24 48:21 49:6,19 50:2 53:5,6 54:21 55:3,10 56:9,20 57:22 74:7 78:5 80:23 81:6,18 110:21 111:1 112:9,21 114:1 116:5	117:18 118:16 129:8 2020 4:4,11,22 12:7 14:2,5 15:6,10,21 16:3 24:22 59:12 62:6,10 65:14 66:3,7,18,19 67:13,17,20 68:1,8,14,21 70:23 71:4 74:8 75:19 76:4 78:2 79:10 83:18 86:25 87:6 88:12 93:21 98:21,25 100:25 101:11 101:19 102:7,8 102:20 103:21 105:4,18 120:23 122:17 122:19 124:18 125:14,20 126:9 127:6 128:20 129:14 129:17 2021 1:15,21 4:8 5:2,6 24:24 26:4 28:20 29:11 62:25 64:15 71:25 73:3 88:2 90:5 90:17 94:10 106:10,25 128:2,8,15 134:9 135:22 21-03004-sgj 1:8 214 136:3 23 85:1 87:3 23,846,000 84:9 24,471,000 89:9 25 61:6 26 10:17 27 1:15,21 28 125:20	29 83:18 84:1 2nd 58:5 111:9 <hr/> 3 3 3:10,14,17,21 4:11 31:15,18 34:4,11 35:21 36:20 37:11,19 38:12 41:11,18 44:18 56:20 65:14 66:3 111:7 112:21 119:7 30 3:10,12 71:4 72:4 74:10 86:25 87:6 93:21 120:23 129:24 30-year 19:22 30,746,812.33 4:14 30.7 66:9,13 30.7M 4:17 31 3:14 4:15 67:16 70:22 79:10 88:12 98:21,25 100:25 101:11 101:19 102:8 102:19 103:20 105:3,18 131:6 3102 2:17 312 136:1 34th 2:11 3800 2:4 38th 1:25 <hr/> 4 4 3:17 42:15,17 42:19 43:6,18 43:18 44:21,24 45:22,25 46:3 46:19 48:11,19 50:13,17 51:2 52:8 55:17,24
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Kristin Hendrix - October 27, 2021

57:16	<u>7</u>			
42 3:17,19	7 3:23 5:2 43:2,4			
4228 136:2	44:9,19 88:2,21			
43 3:21,23	7.4 38:18 39:11			
445-9548 136:3	39:23 40:15,21			
	122:10 123:12			
<u>5</u>	72 4:14			
5 3:19 30:12 33:1	75201 2:4			
33:20,25 34:5	75206 136:2			
35:3 36:25	75219 2:18			
37:12 38:25	76 4:17			
39:3,8 42:15,16	777 2:17			
42:17,20 43:2,6	780 2:10			
43:18,19 44:21	<u>8</u>			
44:24 45:22,25	8 3:25 56:19,24			
46:3,19 48:11	56:25 58:10			
48:19 50:13,18	89:9			
51:2 52:9 55:17	800 136:3			
55:24 57:16	83 4:19			
58:13,13 94:9	85 4:21			
112:14 113:14	855-5100 136:3			
5- 33:19	88 5:1			
5.0 110:23	881 120:1			
5/31/2020 79:5	<u>9</u>			
500 1:24 2:3	9 4:1 56:21,24,25			
530,000 78:25	58:10			
56 3:25 4:1	90 5:5			
575- 79:23	94 3:4			
575,000 79:12	99 49:14			
575,550 79:6				
59 4:3				
5M 3:10,17,21				
<u>6</u>				
6 3:3,21 4:8,22				
43:2,4,21 44:9				
44:18 62:25				
64:15 80:12				
86:22				
6/30 86:23 121:3				
121:6,11,25				
122:8				
62 4:7				
65 4:11				
683 87:3				

EXHIBIT 195

David Klos - October 27, 2021

1	3
<p>1 IN THE UNITED STATES BANKRUPTCY COURT</p> <p>2 FOR THE NORTHERN DISTRICT OF TEXAS</p> <p>3 DALLAS DIVISION</p> <p>4 --oOo--</p> <p>5</p> <p>6 HIGHLAND CAPITAL MANAGEMENT,)</p> <p>7 L.P.,)</p> <p>8)</p> <p>9 Plaintiff,)</p> <p>10)</p> <p>11 vs.) No. 21-03004-sgj</p> <p>12)</p> <p>13 HIGHLAND CAPITAL MANAGEMENT FUND)</p> <p>14 ADVISORS, L.P.,)</p> <p>15)</p> <p>16 Defendants.)</p> <p>17</p> <p>18 DEPOSITION OF</p> <p>19 DAVID KLOS</p> <p>20 October 27, 2021</p> <p>21</p> <p>22 DEPOSITION OF DAVID KLOS, produced as a</p> <p>23 witness, duly sworn by me via videoconference at the</p> <p>24 instance of the DEFENDANTS, was taken in the</p> <p>25 above-styled and numbered cause on October 27, 2021,</p> <p>from 2:30 P.M. to 5:14 P.M., before BRANDON D. COMBS,</p> <p>CSR, RPR, in and for the State of Texas, reported by</p> <p>computerized machine shorthand, at 500 North Akard</p> <p>Street, 38th Floor, Dallas, Texas.</p>	<p>1 INDEX</p> <p>2 PAGE</p> <p>3 Examination by MR. RUKAVINA 4</p> <p>4 Examination by MR. AIGEN 95</p> <p>5 Examination by MR. MORRIS 109</p> <p>6 Further Examination by MR. RUKAVINA 127</p> <p>7</p> <p>8</p> <p>9</p> <p>10 (No exhibits marked.)</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
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<p>1 APPEARANCES</p> <p>2</p> <p>3 MUNSCH, HARDT, KOPF & HARR, PC, 500 North</p> <p>4 Akard Street, Suite 3800, Dallas, TX 75201, represented</p> <p>5 by DAVOR RUKAVINA, Attorney at Law, appeared via</p> <p>6 videoconference as counsel on behalf of the Defendants.</p> <p>7 Email: drukavina@munsch.com</p> <p>8</p> <p>9</p> <p>10 PACHULSKI, STANG, ZIEHL & JONES, 780 Third</p> <p>11 Avenue, 34th Floor, New York, NY 10017-2024, represented</p> <p>12 by JOHN A. MORRIS, Attorney at Law, appeared via</p> <p>13 videoconference as counsel on behalf of the Plaintiff.</p> <p>14 Email: jmorris@pszjlaw.com</p> <p>15</p> <p>16</p> <p>17 STINSON, LLP, 3102 Oak Lawn Avenue, Suite 777,</p> <p>18 Dallas, TX 75219, represented by MICHAEL AIGEN, Attorney</p> <p>19 at Law, appeared via videoconference as counsel on</p> <p>20 behalf of the Defendants Jim Dondero, HCMS and HCRE</p> <p>21 Partners.</p> <p>22 Email: michael.aigen@stinson.com</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 DAVID KLOS,</p> <p>2 having been first duly sworn, testified as follows:</p> <p>3 EXAMINATION</p> <p>4 Q. (BY MR. RUKAVINA) Sir, state your name for</p> <p>5 the record, please.</p> <p>6 A. David Klos.</p> <p>7 Q. K-l-o-s?</p> <p>8 A. K-l-o-s.</p> <p>9 Q. What's your date of birth?</p> <p>10 A. May 6, 1982.</p> <p>11 Q. And where do you live?</p> <p>12 A. I live in Dallas.</p> <p>13 Q. What's your educational background?</p> <p>14 A. Undergraduate and graduate degrees. I went</p> <p>15 to undergrad at Boston College, graduate school at SMU,</p> <p>16 with a degree in, Master's of Science in accounting and</p> <p>17 MBA from SMU.</p> <p>18 Q. Do you hold any professional licenses?</p> <p>19 A. CPA in the state of Texas and, I don't know</p> <p>20 if it's technically a license, but Series 27 from</p> <p>21 FINRA.</p> <p>22 Q. And when did you get your CPA license?</p> <p>23 A. I don't recall specifically, but it would</p> <p>24 have been probably in the '08, '09 time frame.</p> <p>25 Q. Is it current?</p>

David Klos - October 27, 2021

<p style="text-align: right;">5</p> <p>1 A. As far as I know.</p> <p>2 Q. Have you ever been disciplined or threatened</p> <p>3 with disciplinary proceedings?</p> <p>4 A. No.</p> <p>5 Q. And your relevant work experience, please,</p> <p>6 starting with college and afterwards?</p> <p>7 A. Sure. Out of grad school I started working</p> <p>8 at Deloitte in Boston. I worked at Deloitte for</p> <p>9 approximately three and a half years, between the</p> <p>10 Boston office and the Dallas office.</p> <p>11 And then I began working at Highland Capital</p> <p>12 Management in March of 2009 and I've been at Highland</p> <p>13 since then.</p> <p>14 Q. And when you joined Highland in March of</p> <p>15 2009, what was your title or your role at that time?</p> <p>16 A. My title, if I remember correctly, was</p> <p>17 valuation senior analyst. I'm not certain if that was</p> <p>18 exactly it, but it was something along those lines.</p> <p>19 Q. Was it in the valuation group?</p> <p>20 A. Yes.</p> <p>21 Q. And then give me your -- today you're the CFO</p> <p>22 of Highland; correct?</p> <p>23 A. Correct.</p> <p>24 Q. So give me the progression from valuation</p> <p>25 analyst to CFO with, to the best of your recollection,</p>	<p style="text-align: right;">7</p> <p>1 There were a few title changes in between</p> <p>2 there. I think at one point I was manager, at one</p> <p>3 point I was senior manager, at one point I was</p> <p>4 assistant controller and at one point I was controller.</p> <p>5 I can't remember the exact times of all of</p> <p>6 those break points.</p> <p>7 Q. Let me pause you. When you were assistant</p> <p>8 controller, who was the controller?</p> <p>9 A. There was quite a bit of time where I was</p> <p>10 assistant controller and we didn't have a controller.</p> <p>11 I couldn't tell you the exact time frame, but there was</p> <p>12 definitely an extended time frame.</p> <p>13 And then in April of 2020, our existing chief</p> <p>14 accounting officer left and I assumed his</p> <p>15 responsibilities at that time.</p> <p>16 Q. Let me pause you. That's a new term for me.</p> <p>17 Chief accounting officer?</p> <p>18 A. Uh-huh.</p> <p>19 Q. Who was that person?</p> <p>20 A. The person that left?</p> <p>21 Q. The person that was the chief accounting</p> <p>22 officer until April 2020.</p> <p>23 A. Cliff Stoops.</p> <p>24 Q. And do you have any idea or knowledge whether</p> <p>25 at Highland that was like an officer-level position?</p>
<p style="text-align: right;">6</p> <p>1 the approximate year that you were promoted, et cetera?</p> <p>2 A. Sure. I was in the valuation role from</p> <p>3 basically March of 2009 to end of 2009.</p> <p>4 I was then brought over to what we call the</p> <p>5 corporate accounting team, so doing the accounting for</p> <p>6 Highland Capital Management, LP and of the other</p> <p>7 advisor-type entities, where I was primarily focused on</p> <p>8 budgeting and forecasting, credit facility compliance.</p> <p>9 That took from roughly 2010 until I think</p> <p>10 middle of 2011, at which point I was moved over to the</p> <p>11 fund accounting group, so doing hedge fund accounting,</p> <p>12 which was a short role, really, for probably three or</p> <p>13 four months.</p> <p>14 At which point I was brought back to the</p> <p>15 corporate team and also put in charge of the valuation</p> <p>16 group. I held that role in some way, shape, or form</p> <p>17 more or less continuously for the next several years,</p> <p>18 although certainly my role evolved and changed.</p> <p>19 But in terms of the groups that I had</p> <p>20 oversight over, those were the groups. Like I said, my</p> <p>21 role definitely evolved over time from 2011.</p> <p>22 Q. So by 2017 what was your title?</p> <p>23 A. So, yeah, by that time, I was, I believe,</p> <p>24 controller. I might have still been assistant</p> <p>25 controller.</p>	<p style="text-align: right;">8</p> <p>1 A. It was not. It was more of a term of art, I</p> <p>2 would describe it. So it -- so, yeah --</p> <p>3 Q. To the best of your recollection, when did</p> <p>4 you become the controller at Highland Capital</p> <p>5 Management, LP?</p> <p>6 A. I couldn't pin down a specific date. Like I</p> <p>7 said, the responsibilities were very similar. I would</p> <p>8 guess the change from assistant controller to</p> <p>9 controller was probably in the, most likely in the '16,</p> <p>10 '17, maybe '18 time frame.</p> <p>11 Q. Can we agree that as of May 1, 2019, you were</p> <p>12 the controller at Highland?</p> <p>13 A. Yes.</p> <p>14 Q. So let's focus on that time frame, May 2019,</p> <p>15 and you're the controller. Who do you report to at</p> <p>16 Highland?</p> <p>17 A. Frank Waterhouse.</p> <p>18 Q. The CFO?</p> <p>19 A. Correct.</p> <p>20 Q. No one in between you and him?</p> <p>21 A. Correct.</p> <p>22 Q. So what -- explain to me the role between the</p> <p>23 chief accounting officer and the chief financial</p> <p>24 officer in that time frame, '19, '20?</p> <p>25 MR. MORRIS: Objection to the form of the</p>

David Klos - October 27, 2021

<p style="text-align: right;">9</p> <p>1 question.</p> <p>2 THE WITNESS: Very little. Like I said,</p> <p>3 chief accounting officer was more of a term of art.</p> <p>4 What that role actually had oversight of was our retail</p> <p>5 fund accounting, institutional fund accounting,</p> <p>6 operations, so loan settlement and treasury.</p> <p>7 And probably another department or two that</p> <p>8 I'm forgetting, but it did not have any oversight over</p> <p>9 the corporate accounting group.</p> <p>10 Q. (BY MR. RUKAVINA) And in May of 2019, as the</p> <p>11 controller, what were -- what was your role or what</p> <p>12 were your duties?</p> <p>13 A. In May of 2019 I was at that point still</p> <p>14 overseeing the valuation group. I was overseeing the</p> <p>15 corporate accounting group, which my primary direct</p> <p>16 report there was Kristin Hendrix, who really was the</p> <p>17 day-to-day person. But I certainly oversaw her.</p> <p>18 Q. By that you mean the person that answers to</p> <p>19 you?</p> <p>20 A. Correct. Sorry. If I flipped that, I</p> <p>21 apologize. So I was overseeing that group, which had,</p> <p>22 you know, fairly broad responsibilities.</p> <p>23 In terms of, you know, accounting for the</p> <p>24 Advisor, doing forecasts when they were called for,</p> <p>25 performing the audit every year, managing cash,</p>	<p style="text-align: right;">11</p> <p>1 A. Frank Waterhouse.</p> <p>2 Q. And were --</p> <p>3 A. I should clarify too, that the valuation team</p> <p>4 isn't ultimately responsible for the valuations</p> <p>5 themselves, but they do act in this liaison role.</p> <p>6 Q. Perhaps that's my confusion. Is there a</p> <p>7 separate group that handles just valuation?</p> <p>8 A. No.</p> <p>9 Q. Is there an outside consultancy that handled</p> <p>10 that in May of 2019?</p> <p>11 A. I don't know if I would call it consultancy,</p> <p>12 but there was a third-party valuation service provider</p> <p>13 that would do certain of the, call it illiquid, harder</p> <p>14 to value securities.</p> <p>15 Q. So would you say that you were pretty busy in</p> <p>16 April, May 2019?</p> <p>17 MR. MORRIS: Objection to the form of the</p> <p>18 question.</p> <p>19 THE WITNESS: I've been busy throughout my</p> <p>20 career.</p> <p>21 Q. (BY MR. RUKAVINA) In April, May, June 2019,</p> <p>22 how many hours a month do you estimate you worked for</p> <p>23 Highland?</p> <p>24 MR. MORRIS: Objection to the form of the</p> <p>25 question.</p>
<p style="text-align: right;">10</p> <p>1 processing payroll, things of that nature.</p> <p>2 And then at that time I was also put in</p> <p>3 charge of one of the public REITs that was launching at</p> <p>4 the time under the NexPoint flag. And getting that</p> <p>5 team started.</p> <p>6 Q. Did you mention that in May of 2019 you were</p> <p>7 still involved with the valuation group?</p> <p>8 A. I did.</p> <p>9 Q. Did you have a title at the valuation group?</p> <p>10 A. Nothing distinct from my overall controller</p> <p>11 title. These titles were often, like I said, terms of</p> <p>12 art, whether it was controller or chief accounting</p> <p>13 officer.</p> <p>14 Q. What did the valuation group at Highland do?</p> <p>15 A. Well, valuation group was really a liaison</p> <p>16 with both third-party pricing providers, pricing</p> <p>17 services, brokers on the street, front office, members</p> <p>18 at Highland.</p> <p>19 To, you know, to work on valuing the</p> <p>20 securities held across the platform, both for Highland</p> <p>21 HCMLP managed funds as well as affiliated managed</p> <p>22 funds.</p> <p>23 Q. So who did -- did you report to anyone at the</p> <p>24 valuation group? In other words, did it have its own</p> <p>25 separate hierarchy kind of?</p>	<p style="text-align: right;">12</p> <p>1 THE WITNESS: I don't remember. A</p> <p>2 significant number.</p> <p>3 Q. (BY MR. RUKAVINA) Certainly full-time?</p> <p>4 A. Absolutely.</p> <p>5 Q. Would you say that you were working more than</p> <p>6 200 hours a month in that time frame for Highland?</p> <p>7 A. I don't know how many hours. I should</p> <p>8 clarify, we're using Highland very liberally. When I</p> <p>9 say Highland, supporting the entire apparatus,</p> <p>10 platform. Significant number of hours at that time,</p> <p>11 and before and after.</p> <p>12 Q. And let's explore that a little bit. You</p> <p>13 mentioned one of the funds for NexPoint. I'd like to</p> <p>14 talk about NexPoint Advisors, LP, just NexPoint</p> <p>15 Advisors, LP.</p> <p>16 Did you ever have an official role or title</p> <p>17 with NexPoint Advisors, LP?</p> <p>18 A. Not that I can remember.</p> <p>19 Q. Do you know if you were ever the controller</p> <p>20 for that entity?</p> <p>21 A. I'm not certain. I'm not certain.</p> <p>22 Q. But I take it that pursuant to the shared</p> <p>23 services agreement you, as an employee of Highland,</p> <p>24 were providing services on behalf of NexPoint?</p> <p>25 MR. MORRIS: Objection to the form of the</p>

David Klos - October 27, 2021

<p style="text-align: right;">13</p> <p>1 question.</p> <p>2 THE WITNESS: I provided many of the same</p> <p>3 services for NexPoint Advisors that I provided for</p> <p>4 Highland, similar types of services.</p> <p>5 Q. (BY MR. RUKAVINA) And briefly about Highland</p> <p>6 Capital Management Fund Advisors, LP, HCMFA, did you</p> <p>7 ever have like an official title or role with that</p> <p>8 entity, to your knowledge?</p> <p>9 A. Again, not that I can remember.</p> <p>10 Q. Not to your knowledge, the controller ever of</p> <p>11 that entity?</p> <p>12 A. I'm not certain whether I was or not.</p> <p>13 Q. But you provided services to that entity as</p> <p>14 part of your role at Highland pursuant to shared</p> <p>15 services?</p> <p>16 A. Similar to NexPoint as I described.</p> <p>17 Q. When you were controller of Highland, was</p> <p>18 that an officer-level position at Highland?</p> <p>19 A. No.</p> <p>20 Q. When did you become the chief financial</p> <p>21 officer of Highland?</p> <p>22 A. Chief financial officer?</p> <p>23 Q. Uh-huh.</p> <p>24 A. 2021, March.</p> <p>25 Q. After Mr. Waterhouse was gone?</p>	<p style="text-align: right;">15</p> <p>1 Q. Do you have an expectation as to when the</p> <p>2 winding down and monetization of Highland and its</p> <p>3 assets will be complete?</p> <p>4 A. That's very hard to speculate, especially</p> <p>5 given the amount of litigation that's going on because</p> <p>6 I don't know when that's going to play out and that's a</p> <p>7 material asset.</p> <p>8 Q. Have you discussed with Mr. Seery how long</p> <p>9 that might be?</p> <p>10 A. Not that I can specifically remember.</p> <p>11 Q. Do you believe it will be at least probably</p> <p>12 two years, from today?</p> <p>13 A. I don't know.</p> <p>14 Q. This bonus compensation, does it or any</p> <p>15 amount of it depend on how well Highland or the</p> <p>16 claimant trust, how well they do vis-a-vis collecting</p> <p>17 money from creditors?</p> <p>18 A. Not that I can think of. I'd have to</p> <p>19 probably go back and look and understand the back-end</p> <p>20 piece to say definitively.</p> <p>21 Q. And back-end piece, does that mean whenever</p> <p>22 the winding down is completed?</p> <p>23 A. Yeah, like I said, I'm not exactly -- I'm not</p> <p>24 completely facile with the exact timing, if it's</p> <p>25 completed 100 percent or 80 percent, what kind of</p>
<p style="text-align: right;">14</p> <p>1 A. Yes.</p> <p>2 Q. And I'm going to ask you a little bit about</p> <p>3 your compensation today at Highland.</p> <p>4 You don't have to give me specific numbers</p> <p>5 unless I ask you, please, but I take it you have a base</p> <p>6 compensation?</p> <p>7 A. Yes, I have a base.</p> <p>8 Q. Do you have any bonus structure compensation?</p> <p>9 A. Yes, I have a bonus.</p> <p>10 Q. And what is that bonus number or whether it's</p> <p>11 paid out based upon or contingent upon?</p> <p>12 MR. MORRIS: Objection to the form of the</p> <p>13 question.</p> <p>14 THE WITNESS: As I understand, it's based on</p> <p>15 my offer letter.</p> <p>16 Q. (BY MR. RUKAVINA) On your what?</p> <p>17 A. My letter for extending an offer.</p> <p>18 Q. Tell me, what is your -- without having to</p> <p>19 use express numbers, what is your bonus compensation?</p> <p>20 When is it paid, et cetera?</p> <p>21 A. Yeah, so it's not too dissimilar from the</p> <p>22 prior Highland plan that has semiannual installments</p> <p>23 payable. And then there's a, kind of an end of plan</p> <p>24 bonus when -- I don't remember the specifics on exactly</p> <p>25 what triggers that, but it's back-ended in the plan.</p>	<p style="text-align: right;">16</p> <p>1 qualitative considerations go into that. But</p> <p>2 substantially completed.</p> <p>3 Q. Sitting here today, do you think or believe</p> <p>4 that any portion of your compensation over the next</p> <p>5 however long it takes to wind down Highland depends on</p> <p>6 how much Highland recovers from the litigation</p> <p>7 regarding promissory notes?</p> <p>8 A. I really take exception to that question</p> <p>9 because the insinuation is that it's going to somehow</p> <p>10 change my answers here, and it's absolutely not.</p> <p>11 How litigation, it may or may not affect my</p> <p>12 ultimate compensation, but that's not going to affect</p> <p>13 one iota of the answers I give you today or at any</p> <p>14 time, whether I'm on or off the record.</p> <p>15 Q. Fair enough. So you're going to testify</p> <p>16 today truthfully regardless of your compensation. I</p> <p>17 got you; right? Correct?</p> <p>18 A. I didn't follow what you just asked me.</p> <p>19 Q. You're going to testify today truthfully</p> <p>20 regardless of how these events may or may not affect</p> <p>21 your compensation; right?</p> <p>22 A. It's such a loaded question I can't even</p> <p>23 begin to answer that.</p> <p>24 Q. So sitting here today -- I want to ask you</p> <p>25 the same question I did before, and your answer to me</p>

David Klos - October 27, 2021

<p style="text-align: right;">17</p> <p>1 was that you took exception to the insinuation. Now 2 I'd like you to answer my question. 3 Which is, sitting here today, do you believe 4 that any part of your compensation in the future, 5 however long it takes to wind down Highland, is going 6 to depend on how well Highland does in these 7 litigations concerning the notes? 8 A. I believe my ultimate compensation will 9 depend on how long this process takes, which I don't 10 know, and ultimate recoveries to trust beneficiaries 11 under the plan. 12 And so I do expect that it will vary, but I 13 would reiterate my earlier comment. 14 Q. So sitting here today, you understand that if 15 the trust beneficiaries recover more, then you might be 16 compensated more? 17 A. That's possible. 18 Q. Well, sir, I'm not trying to be a smart ass, 19 but -- 20 MR. MORRIS: Actually, you're coming awfully 21 close, just to be clear, so be careful, because I'm 22 offended as well. But continue. 23 MR. RUKAVINA: I'm entitled to ask the man 24 about his compensation. 25 MR. MORRIS: Right. And your clients have</p>	<p style="text-align: right;">19</p> <p>1 A. Not in any substance. 2 Q. And when do you recall you might have had 3 those discussions with her? 4 A. I'm not even sure. 5 Q. Would it have been recently or like 9, 6 10 months ago? 7 A. No, it would have been recently. 8 Q. And with Mr. Seery, when did you have a 9 general conversation with Mr. Seery? 10 A. I've had, you know, one or more general 11 conversations with Mr. Seery. It's my understanding 12 that he was the 30(b)(6) witness, and he had questions 13 in preparation for his role in that. 14 Q. So that would have been before last Thursday 15 that you talked to him? I'll represent to you that 16 that's when his deposition was. 17 A. Yeah, if I'm accepting that representation, 18 yes, prior to. 19 Q. Other than that conversation with respect to 20 him preparing for the 30(b)(6), did you have a 21 discussion with him about this litigation as it might 22 relate to your deposition? 23 A. I don't believe so in terms of relating to 24 this deposition. We've talked at length about the 25 notes more generally.</p>
<p style="text-align: right;">18</p> <p>1 \$75 million, hard dollars at stake in this litigation, 2 so we should never believe anything that he says? Is 3 that where we are now? 4 Q. (BY MR. RUKAVINA) Sir, again, what is your 5 bonus compensation as it relates to how well the 6 claimant trust does? Do you remember or not? 7 A. I don't know that that's even something that 8 I could know at this point. 9 Q. In preparing for this deposition, I take it 10 you spoke to legal counsel, and I'm not entitled to 11 know that and I'm not asking that. 12 But did you talk to anyone else? 13 A. I've spoken in general terms to Mr. Seery. 14 Q. Okay. Anyone else? 15 A. I've spoken, again in general terms, to 16 Kristin Hendrix. 17 Q. Anyone else? 18 A. Not that I can think of. 19 Q. Now, I understand you spoke to Ms. Hendrix 20 when legal counsel was present; right? 21 A. Yes. 22 Q. So let's exclude that conversation. 23 Did you have any conversations with 24 Ms. Hendrix regarding this deposition or this 25 litigation at which counsel was not present?</p>	<p style="text-align: right;">20</p> <p>1 Q. And we'll go through that I'm sure. 2 So other than the conversations with 3 Ms. Hendrix and Mr. Seery and, of course, with counsel 4 that I'm not entitled to know about, did you discuss 5 this deposition or what you might be asked today with 6 anyone else? 7 A. No. 8 Q. Okay. Did you read all or any portions of 9 the deposition of Frank Waterhouse? 10 A. Certainly didn't read all of it. I have a 11 general understanding of the topics that were -- that's 12 a bad way to frame it. 13 I have a general understanding of a few 14 points that were covered in his deposition. 15 Q. Were you provided -- were you provided the 16 exact pages of any of his deposition? 17 MR. MORRIS: Objection. Direct him not to 18 answer. 19 MR. RUKAVINA: You're going to direct him not 20 to answer whether he read -- 21 MR. MORRIS: If you're asking him whether I 22 directed him to particular -- 23 MR. RUKAVINA: I didn't ask that. 24 MR. MORRIS: Rephrase your question. 25 Q. (BY MR. RUKAVINA) Did you read any pages</p>

David Klos - October 27, 2021

<p style="text-align: right;">21</p> <p>1 from Mr. Waterhouse's deposition?</p> <p>2 MR. MORRIS: Objection. Asked and answered.</p> <p>3 You can answer again.</p> <p>4 THE WITNESS: I don't recall -- I don't</p> <p>5 recall reading it.</p> <p>6 Q. (BY MR. RUKAVINA) So were you provided a</p> <p>7 summary of his deposition?</p> <p>8 A. I have had discussions with Mr. Morris in</p> <p>9 preparation for this deposition.</p> <p>10 Q. That's fine. And we can stop there.</p> <p>11 Did you read or -- did you read the whole or</p> <p>12 any portion of Mr. Seery's deposition?</p> <p>13 A. No, I don't believe I -- no, I don't believe</p> <p>14 so.</p> <p>15 Q. Is it the same answer, that whatever you</p> <p>16 discussed would have been through counsel?</p> <p>17 A. Yes.</p> <p>18 Q. Did you see any of the videotape of either</p> <p>19 Mr. Waterhouse's or Mr. Seery's deposition?</p> <p>20 A. No.</p> <p>21 Q. So let's talk about the NexPoint</p> <p>22 \$30.7 million note.</p> <p>23 You're familiar with that note; right?</p> <p>24 MR. MORRIS: Objection to the form of the</p> <p>25 question.</p>	<p style="text-align: right;">23</p> <p>1 was?</p> <p>2 A. Yeah, it was Lauren Thedford, who is Highland</p> <p>3 in-house counsel.</p> <p>4 Q. She's a lawyer?</p> <p>5 A. Yes.</p> <p>6 Q. Do you recall from that -- strike that.</p> <p>7 Did you know on or about May 31, 2017 what</p> <p>8 the purpose or reason behind Exhibit 13, this</p> <p>9 promissory note, was?</p> <p>10 MR. MORRIS: Objection to the form of the</p> <p>11 question.</p> <p>12 THE WITNESS: The purpose was to take</p> <p>13 existing notes, which I believe were exclusively demand</p> <p>14 notes, I'm not a hundred percent certain on that, and</p> <p>15 roll them into a single note that would have a 30-year</p> <p>16 amortization period.</p> <p>17 Q. (BY MR. RUKAVINA) Do you know why that was</p> <p>18 done?</p> <p>19 A. I believe it was done probably for a number</p> <p>20 of reasons, one of which was to ensure some level of</p> <p>21 cash flow back to Highland, when I say Highland,</p> <p>22 Highland Capital Management, LP, on an annual basis.</p> <p>23 Q. Was that a concern at Highland Capital</p> <p>24 Management, that it wasn't getting any level of cash</p> <p>25 flow back?</p>
<p style="text-align: right;">22</p> <p>1 THE WITNESS: Before I answer that, I'd like</p> <p>2 to see the note.</p> <p>3 Q. (BY MR. RUKAVINA) It's in here. I'm looking</p> <p>4 for the exhibit number. It's in here somewhere.</p> <p>5 A. Yes, I'm familiar with this note.</p> <p>6 Q. Are you familiar with anything having to do</p> <p>7 with the negotiation or execution of this note?</p> <p>8 MR. MORRIS: Objection to the form of the</p> <p>9 question.</p> <p>10 THE WITNESS: Can you repeat.</p> <p>11 Q. (BY MR. RUKAVINA) Yes. Let me rephrase it.</p> <p>12 Did you have anything to do, back on or about</p> <p>13 May 31, 2017, with the negotiation or execution of this</p> <p>14 promissory note?</p> <p>15 MR. MORRIS: Objection to the form of the</p> <p>16 question.</p> <p>17 THE WITNESS: Nothing with respect to the</p> <p>18 negotiation --</p> <p>19 Q. (BY MR. RUKAVINA) I'm sorry.</p> <p>20 A. In terms of the execution, I believe I</p> <p>21 coordinated with internal counsel, who drafted the</p> <p>22 note, and I can't remember -- I can't recall one way or</p> <p>23 the other if I assisted in actually physically</p> <p>24 receiving signatures. I just don't remember.</p> <p>25 Q. Do you remember who that internal counsel</p>	<p style="text-align: right;">24</p> <p>1 A. It wasn't a concern of mine. I don't know if</p> <p>2 it was a concern of others.</p> <p>3 Q. Do you recall whether any auditor ever raised</p> <p>4 that concern?</p> <p>5 A. The auditors did raise that in conjunction</p> <p>6 with the audit that was concluding around this time.</p> <p>7 So yes, they did raise it, you know, probably in the</p> <p>8 May of 2017 time frame.</p> <p>9 Q. Do you know who decided that it would be a</p> <p>10 30-year term note? By that I mean 30 years.</p> <p>11 A. Jim Dondero.</p> <p>12 Q. Do you know if he decided that in connection</p> <p>13 with discussions with anybody or, to your knowledge, he</p> <p>14 just decided?</p> <p>15 A. As far as I know he just decided it. I</p> <p>16 believe there was a draft at one point that was for</p> <p>17 20 years, and he wanted to do 30.</p> <p>18 Q. So this note is executed in May 31, 2017.</p> <p>19 Did you have any further role prior to, let's say,</p> <p>20 December 1, 2020 with respect to anything to do with</p> <p>21 this promissory note?</p> <p>22 A. Sorry, tell me the date again.</p> <p>23 Q. From execution of the note until December 1,</p> <p>24 2020?</p> <p>25 A. And the question was?</p>

David Klos - October 27, 2021

<p style="text-align: right;">25</p> <p>1 Q. Did you have any role in that time frame with 2 respect to this promissory note on behalf of Highland? 3 MR. MORRIS: Objection to the form of the 4 question. 5 THE WITNESS: I don't know how to answer 6 that, it's such an open-ended question. I just don't 7 know how to respond to that. 8 Q. (BY MR. RUKAVINA) If payments were made on 9 this note, would you have any duty to record or credit 10 those payments? 11 MR. MORRIS: Objection to the form of the 12 question. 13 THE WITNESS: I wouldn't have personally in 14 my role, but my team would have been involved in the 15 recording of those. 16 Q. (BY MR. RUKAVINA) And when payments were due 17 on this note, did you personally have any role with 18 respect to doing anything to facilitate those payments? 19 A. When payments were due did I have anything -- 20 yes. 21 Q. What was your role? 22 A. So my role, as part of the corporate team, 23 part of our role is managing cash at the various 24 entities. So I was involved in weekly cash meetings, 25 where things like upcoming, whether it's an obligation</p>	<p style="text-align: right;">27</p> <p>1 Capital Management or NexPoint Advisors as to a 2 decision as to whether any prepayments on this note 3 would ever be made? 4 MR. MORRIS: Objection to the form of the 5 question. 6 THE WITNESS: Can you repeat. 7 Q. (BY MR. RUKAVINA) Let's start from scratch. 8 Do you have any memory of any payments being 9 made on this note, Exhibit 13, prior to their scheduled 10 dates of payment? 11 A. There were payments on -- and to be clear, 12 we're talking about the original 30.7- NexPoint 13 promissory note? There were payments that I recall 14 happening throughout 2019 on this note. 15 Q. And we can look at Exhibit 14. 16 MR. MORRIS: What number? 17 MR. RUKAVINA: 14, 1-4. 18 Q. (BY MR. RUKAVINA) And those are only 19 numbered because Ms. Hendrix, they were used for her 20 deposition. 21 A. Sure. Just trying to keep these in order, I 22 apologize. Got it. 23 Q. Do you recognize Exhibit 14? 24 A. Generally. I can't say that I can verify 25 that this is completely accurate. But it looks</p>
<p style="text-align: right;">26</p> <p>1 or a receipt, would be put on people's radars. 2 And we would, in connection with the 30-year 3 notes such as this one from NexPoint, we would either 4 confer with Jim or -- certainly Jim. Also likely his 5 accountant. 6 In terms of teeing them up to make sure that 7 they were prepared from a cash flow statement to make 8 the payment. 9 Q. What do you mean by his accountant? 10 A. Melissa Schroth. 11 Q. What do you mean by his? That's a new name 12 to me. Who is Melissa Schroth? 13 A. I find it hard to believe that she's a new 14 name to you. But I think her title was executive 15 accountant, and she was the keeper of Jim's -- many of 16 Jim's trusts and personal entities. 17 Q. Was she a Highland employee? 18 A. She was. And when I say Highland, I should 19 be clear, Highland Capital Management, LP. 20 Q. So when you say Jim's accountant, she was 21 still a debtor employee, just that she handled 22 primarily Jim's personal matters? 23 A. She was still a Highland Capital Management, 24 LP employee but she did Jim's personal matters. 25 Q. Did you have any role at either Highland</p>	<p style="text-align: right;">28</p> <p>1 familiar to a loan amortization schedule. 2 Q. Would it have been maintained by Highland? 3 A. Yes. 4 Q. And I'll tell you that no one has yet to 5 authenticate this with a hundred percent precision, so 6 I'm not asking you to ratify these numbers, but let's 7 assume that they are what they are. 8 This does purport to show on the second page 9 a number of transfers in 2019, which goes along with 10 your recent answer. 11 Do you see those, sir? 12 A. I do. 13 Q. In particular, 750,000, then 1.3 million, 14 300,000, 2.1 million, 630,000, 1.3 million. 15 You see all those, sir? 16 A. Yes, I see every one. 17 Q. Do you have any memory, without going into 18 those transfers of those dates to the dollar, do you 19 have any memory that those transfers were made? 20 A. Yes. Again, not a specific recollection of 21 where I was at the time, but yes, I know that these 22 transfers were made. 23 Q. Do you know why they were made in those 24 amounts and on those dates? 25 A. No, not without speculating.</p>

David Klos - October 27, 2021

<p style="text-align: right;">29</p> <p>1 Q. What would be your speculation if you were to 2 speculate? 3 A. My speculation would be that it would be for 4 liquidity needs at HCMLP, Highland Capital Management, 5 LP, needing liquidity to operate. Again, that's 6 speculation. I don't know for a fact that that's true, 7 but that's what I would assume. 8 Q. Who would have made those decisions in 2019 9 to transfer those funds? 10 MR. MORRIS: Objection to the form of the 11 question. 12 THE WITNESS: Yeah, it would have been either 13 Frank or Jim. I can't say with certainty, but one of 14 the two. When I say Jim, I should be clear, 15 Mr. Dondero. 16 Q. (BY MR. RUKAVINA) Between January and 17 July 2019, do you have any recollection that there was 18 any particular liquidity issue or need at Highland 19 Capital Management? 20 A. Yeah, Highland was dealing with liquidity 21 problems throughout 2019. Maybe not every single day 22 of the year, but we were continuously needing to bridge 23 liquidity. 24 Q. And you joined Highland in 2009. From that 25 point in time, 2009, through 2019, was there any</p>	<p style="text-align: right;">31</p> <p>1 them had been made and you executed them? 2 A. Both, depending on the circumstances. 3 Q. So sometimes you would be brought into a 4 discussion? 5 A. Yes. 6 Q. And can you think of any particular example? 7 A. Of when I was brought into the discussion of 8 whether to transfer? I can't think of an individual 9 example but we met quite regularly with Jim on cash. 10 So to the extent that either he needed cash 11 on one of his entities, he might let us know that. Or 12 to the extent that Highland needed cash, we might let 13 him know that and ask for basically his assistance in 14 helping us to meet our own cash needs. 15 Q. And did he usually find a way to facilitate 16 the cash need either at one of his entities or at 17 Highland? 18 A. I suppose until October 16 of 2019. 19 Q. Yes. Prior to bankruptcy, do you recall any 20 instance where one entity wasn't able to transfer funds 21 to another for liquidity purposes? 22 A. I can't think of a specific situation. But 23 I'm sure there were situations where -- you know, cash 24 was always something that was being juggled, so I don't 25 know that necessarily liquidity could be met the same</p>
<p style="text-align: right;">30</p> <p>1 practice at the enterprise of those businesses to 2 transfer funds between each other on a basis of when 3 one needed it and one had it? 4 A. Yes, that was a fairly, generally speaking, 5 that was a fairly common practice, of using different 6 entities within the overall structure to bridge 7 liquidity. 8 Q. Would that have been Mr. Dondero who, in the 9 final analysis, would have made those decisions? 10 A. Maybe not a hundred percent, but I'd say 11 the -- if not a hundred percent, certainly most. 12 Q. And who else might have participated, 13 Mr. Waterhouse? 14 A. Potentially Mr. Waterhouse. And the reason I 15 hedge on that a little bit is I don't think Frank would 16 have made any of these decisions on his own either. 17 But I may have heard them from Frank via Jim. 18 Q. So in those same years, were you ever asked 19 by Mr. Dondero or Mr. Waterhouse as to whether funds 20 should be transferred from one entity to another for 21 liquidity purposes? 22 A. Can you ask that again, please. 23 Q. Yes. Trying to understand, were you part of 24 those discussions as to whether these transfers should 25 be made, or did you just learn that a decision to make</p>	<p style="text-align: right;">32</p> <p>1 day. 2 But eventually we were able to manage through 3 those situations, you know, oftentimes through some of 4 these loans. 5 Q. In instances that you may remember when 6 Highland Capital Management needed liquidity, do you 7 know how Mr. Dondero decided from which other entity to 8 transfer the cash? 9 A. I can't step into his brain and think about 10 his decision-making process, but if I was going to 11 oversimplify it I would speculate that it would be 12 based on who has cash in that moment. 13 Q. Would he ask you or someone on your team who 14 had cash? 15 A. At times, depending on which entity we're 16 talking about. Because my team certainly didn't have 17 responsibility for every single entity in the 18 enterprise, but we did have responsibility for some. 19 Q. And if your team -- so -- strike that. 20 So over the general -- talking about 21 generally now, over those 10 years when there were 22 these intercompany transfers for liquidity purposes, 23 how were they booked by the debtor, by Highland Capital 24 Management? 25 MR. MORRIS: Objection to the form of the</p>

David Klos - October 27, 2021

<p style="text-align: right;">33</p> <p>1 question.</p> <p>2 THE WITNESS: Help me on the direction. So</p> <p>3 this is money that Highland is receiving or money that</p> <p>4 Highland is sending?</p> <p>5 Q. (BY MR. RUKAVINA) Sending out.</p> <p>6 A. Sending out. So this is -- in the scenario</p> <p>7 that you're describing, this money that Highland is</p> <p>8 sending out to meet some other corporate obligor's</p> <p>9 liquidity needs?</p> <p>10 Q. Yes, sir.</p> <p>11 A. So those would be booked as a loan. I</p> <p>12 would -- I need to hedge a little bit because I'm not</p> <p>13 a hundred percent certain, but I would say if not</p> <p>14 exclusively via loans close to exclusively.</p> <p>15 Q. And would they -- strike that.</p> <p>16 Would they usually be papered up with a</p> <p>17 promissory note?</p> <p>18 A. Yes.</p> <p>19 Q. Now, why was that the general course during</p> <p>20 10 years? Was there a policy and procedure in place,</p> <p>21 or would Dondero say book it as a loan, or was that</p> <p>22 just the right thing to do from an accounting</p> <p>23 perspective?</p> <p>24 MR. MORRIS: Objection to the form of the</p> <p>25 question.</p>	<p style="text-align: right;">35</p> <p>1 Q. (BY MR. RUKAVINA) To your knowledge, was</p> <p>2 there any written policy or procedure in place at</p> <p>3 Highland Capital Management with respect to how</p> <p>4 transfers from Highland to an affiliated entity should</p> <p>5 be booked or treated?</p> <p>6 A. No written policy or procedure that I'm aware</p> <p>7 of.</p> <p>8 Q. Is it fair to say that by May 2019, the</p> <p>9 corporate accounting group had handled so many of these</p> <p>10 transfers that it believed that if Highland was</p> <p>11 transferring funds to another affiliated entity, it's</p> <p>12 probably a loan?</p> <p>13 MR. MORRIS: Objection to the form of the</p> <p>14 question.</p> <p>15 THE WITNESS: Yeah, I don't know that I can</p> <p>16 answer that in terms of the corporate accounting team.</p> <p>17 That just feels way too broad.</p> <p>18 It was certainly the practice that when</p> <p>19 somebody needed liquidity and it was appropriate from an</p> <p>20 accounting perspective, that's how it would be booked.</p> <p>21 And there was no reason to doubt that that was</p> <p>22 the appropriate way to do it, particularly with</p> <p>23 direction from either Frank or Jim.</p> <p>24 Q. (BY MR. RUKAVINA) Is it your testimony that</p> <p>25 in each instance that happened, that either Frank or</p>
<p style="text-align: right;">34</p> <p>1 THE WITNESS: At the end of the day it's at</p> <p>2 the direction of Jim Dondero, so I can't tell you</p> <p>3 exactly why he wanted it to be done that way. But that</p> <p>4 was certainly the practice of how it was done in those</p> <p>5 situations.</p> <p>6 Q. (BY MR. RUKAVINA) To your knowledge, did Jim</p> <p>7 Dondero ever tell you or anyone else that when Highland</p> <p>8 is transferring funds to one of his affiliated entities</p> <p>9 that it should always be booked as a loan?</p> <p>10 A. So remembering 10 years' worth of</p> <p>11 conversations, I can't remember a specific instance</p> <p>12 where he would have said, always book every single</p> <p>13 transaction I direct you to do as a loan. However,</p> <p>14 that was the practice.</p> <p>15 Q. Different question.</p> <p>16 Do you remember that in each instance, and</p> <p>17 again, that might be unfair over 10 years, but do you</p> <p>18 remember in each instance when Mr. Dondero said</p> <p>19 transfer money from Highland to this other entity for</p> <p>20 liquidity needs that he said book it as a loan?</p> <p>21 MR. MORRIS: Objection to the form of the</p> <p>22 question.</p> <p>23 THE WITNESS: I can't recall with any</p> <p>24 specificity what he may or may not have specifically</p> <p>25 said so long ago.</p>	<p style="text-align: right;">36</p> <p>1 Jim said, this is a loan, the "this" being the transfer</p> <p>2 from Highland to an affiliated entity for liquidity</p> <p>3 purposes?</p> <p>4 MR. MORRIS: Objection to the form of the</p> <p>5 question.</p> <p>6 THE WITNESS: I can't recall with that level</p> <p>7 of specificity if those words came out of Jim's mouth.</p> <p>8 But with 0 percent doubt in my mind, every single one</p> <p>9 of those loans was done with the authority of Jim or</p> <p>10 Frank, or both.</p> <p>11 Q. (BY MR. RUKAVINA) So going back to this</p> <p>12 Exhibit 14, now I'm going to ask you about these</p> <p>13 payments coming in.</p> <p>14 Assuming that these payments were actually</p> <p>15 made in 2019 --</p> <p>16 And I think, John, you sent me this morning,</p> <p>17 or maybe last night, some bank statements?</p> <p>18 MR. MORRIS: I actually sent all of the</p> <p>19 backup for all payments made, I think, under the notes</p> <p>20 at issue a week or two ago.</p> <p>21 Q. (BY MR. RUKAVINA) How would -- so assuming</p> <p>22 that these payments in 2019 that NexPoint made didn't</p> <p>23 technically have to be made at that point in time, how</p> <p>24 would Highland have booked these payments?</p> <p>25 A. So I can't tell the column headers, so you'll</p>

David Klos - October 27, 2021

<p style="text-align: right;">37</p> <p>1 have to excuse me if I flip them.</p> <p>2 Q. They'll be on the first page. Rip the page</p> <p>3 off if you need to.</p> <p>4 A. First one is interest, second one is</p> <p>5 principal. On the far right is the actual amount of</p> <p>6 the payment. So, for example, March 29, 750,000.</p> <p>7 And the -- the column that has the negative</p> <p>8 411,000 is the application of interest and the 338- is</p> <p>9 the application of principal.</p> <p>10 Q. So again, if Highland -- strike that.</p> <p>11 If NexPoint made a payment that was not</p> <p>12 technically due at that point in time, it would be</p> <p>13 recorded as payments on principal and interest?</p> <p>14 A. It would be recorded as it's reflected in the</p> <p>15 schedule. So there's an application of interest and an</p> <p>16 application of principal.</p> <p>17 Q. So based on your understanding and</p> <p>18 experience, if that payment wasn't due at that time,</p> <p>19 would it have been a prepayment by NexPoint?</p> <p>20 MR. MORRIS: Objection to the form of the</p> <p>21 question.</p> <p>22 THE WITNESS: Yeah, I'm not sure that it's a</p> <p>23 prepayment or not. It's certainly a payment. It's</p> <p>24 certainly voluntary. It's not spelled out under the</p> <p>25 schedule. I don't know that it's a per se, capital P,</p>	<p style="text-align: right;">39</p> <p>1 question.</p> <p>2 Q. (BY MR. RUKAVINA) And his objection is</p> <p>3 valid. And just to give you a little bit of a fine</p> <p>4 point, does someone look at the promissory note to</p> <p>5 decide that? Or is there some other rule or procedure</p> <p>6 that someone looks at?</p> <p>7 MR. MORRIS: Objection to the form of the</p> <p>8 question.</p> <p>9 THE WITNESS: So the person -- I don't know</p> <p>10 that I can specifically name a person because the role</p> <p>11 probably changed over time.</p> <p>12 But either our corporate accountant, or the</p> <p>13 corporate accountant's boss, which was Kristin Hendrix</p> <p>14 for years, would have been responsible for recording and</p> <p>15 tracking those payments.</p> <p>16 So some combination of the corporate</p> <p>17 accountant and Kristin would have applied those</p> <p>18 payments, and that rolls up through my and Frank's</p> <p>19 review ultimately.</p> <p>20 Q. (BY MR. RUKAVINA) So if I can round off this</p> <p>21 discussion, I think you told me a few minutes ago that</p> <p>22 in each instance that Highland was transferring money</p> <p>23 out to an affiliate.</p> <p>24 Whether or not you remember Dondero or</p> <p>25 Waterhouse saying it's a loan, it would have been a</p>
<p style="text-align: right;">38</p> <p>1 prepayment. I'm just not certain.</p> <p>2 Q. (BY MR. RUKAVINA) Well, maybe without</p> <p>3 respect to these specific transfers.</p> <p>4 Generally, generally, if one of the Dondero</p> <p>5 affiliates made a payment that wasn't scheduled, how</p> <p>6 would the debtor have accounted for that payment?</p> <p>7 A. It would have recorded the payment as a</p> <p>8 reduction to either or both outstanding accrued</p> <p>9 interest or principal.</p> <p>10 Q. You wouldn't call those prepayments?</p> <p>11 A. I don't know the definition of prepayment.</p> <p>12 It's a payment. It's off schedule, but I don't know</p> <p>13 whether it's a per se prepayment.</p> <p>14 Q. Would that be something in your experience</p> <p>15 that we would look at the promissory note to maybe</p> <p>16 determine?</p> <p>17 MR. MORRIS: Objection to the form of the</p> <p>18 question.</p> <p>19 THE WITNESS: I don't know.</p> <p>20 Q. (BY MR. RUKAVINA) Well, remember, I'm asking</p> <p>21 you the same question just in different ways.</p> <p>22 Who decides at the debtor, or how does the</p> <p>23 debtor decide, if an unscheduled payment is made, how</p> <p>24 to apply it?</p> <p>25 MR. MORRIS: Objection to the form of the</p>	<p style="text-align: right;">40</p> <p>1 loan because that's how it always was and it was always</p> <p>2 authorized. Generally correct?</p> <p>3 MR. MORRIS: Objection to the form of the</p> <p>4 question.</p> <p>5 THE WITNESS: There were a few "always" and</p> <p>6 "generally" in there. And like I said, when it came</p> <p>7 to liquidity needs, my recollection is that these would</p> <p>8 be handled via loans.</p> <p>9 Q. (BY MR. RUKAVINA) And in reverse, if a</p> <p>10 Dondero entity made a payment prior to a scheduled</p> <p>11 payment on a note, generally there would be credit</p> <p>12 against principal and/or interest provided on that</p> <p>13 note?</p> <p>14 MR. MORRIS: Objection to the form of the</p> <p>15 question.</p> <p>16 THE WITNESS: Generally speaking, yes, if the</p> <p>17 payment was for payment on the note.</p> <p>18 Q. (BY MR. RUKAVINA) Well, that goes back to my</p> <p>19 question.</p> <p>20 Do you know how these payments on Exhibit 14</p> <p>21 in 2019 were determined to be payments on these notes,</p> <p>22 as opposed to a transfer from NexPoint to Highland for</p> <p>23 some other reason?</p> <p>24 A. What other reason would it be, if I can be so</p> <p>25 bold.</p>

David Klos - October 27, 2021

<p style="text-align: right;">41</p> <p>1 Q. Can you think of any other reason in 2019?</p> <p>2 A. Well, Highland had -- Highland had shared</p> <p>3 services and intercompany agreements with NexPoint, at</p> <p>4 this time.</p> <p>5 But these were not payments that could</p> <p>6 possibly be confused with those payments. These are</p> <p>7 off cycle, they're larger amounts, and there's nothing</p> <p>8 that they could be other than payments against the</p> <p>9 loan.</p> <p>10 Q. So I asked you before, and I think you said</p> <p>11 that you were speculating with respect to these</p> <p>12 payments, that Highland needed money at that time.</p> <p>13 Do you recall in 2019 any discussions with</p> <p>14 anyone, Dondero or Waterhouse, to the effect that</p> <p>15 NexPoint has excess cash so maybe NexPoint should</p> <p>16 transfer some money to Highland?</p> <p>17 MR. MORRIS: Objection. Asked and answered.</p> <p>18 THE WITNESS: Do I still answer?</p> <p>19 Q. (BY MR. RUKAVINA) Yes.</p> <p>20 MR. MORRIS: Yes.</p> <p>21 THE WITNESS: And sorry, I got lost there.</p> <p>22 Q. (BY MR. RUKAVINA) Yes. So my predicate was</p> <p>23 you testified before that you were assuming that these</p> <p>24 payments were because of a cash need at Highland;</p> <p>25 right?</p>	<p style="text-align: right;">43</p> <p>1 THE WITNESS: Yeah, the premise of that,</p> <p>2 given that Mr. Dondero is in control of both sides,</p> <p>3 it's a faulty premise.</p> <p>4 Q. (BY MR. RUKAVINA) But you told me not that</p> <p>5 long ago that in these weekly cash meetings that it</p> <p>6 would be your team at Highland who would go to</p> <p>7 Mr. Dondero and say Highland has a liquidity issue.</p> <p>8 So wouldn't that liquidity issue have</p> <p>9 originated with the Highland team?</p> <p>10 A. Mr. Dondero is the president of Highland.</p> <p>11 He's the president of NexPoint. We're employees of</p> <p>12 Highland. We're also shared services providers for</p> <p>13 NexPoint.</p> <p>14 The waters are very muddy in terms of who is</p> <p>15 wearing what hat in that conversation.</p> <p>16 Q. But Mr. Dondero doesn't know that Highland</p> <p>17 has a liquidity issue unless someone from the corporate</p> <p>18 accounting group tells him, does he?</p> <p>19 MR. MORRIS: Objection to the form of the</p> <p>20 question. I hope that's not the case.</p> <p>21 THE WITNESS: He has the ability to know what</p> <p>22 our cash position is at any given time, at that time.</p> <p>23 Q. (BY MR. RUKAVINA) So why would you have</p> <p>24 these weekly cash meetings with Mr. Waterhouse and</p> <p>25 sometimes Mr. Dondero?</p>
<p style="text-align: right;">42</p> <p>1 A. Correct.</p> <p>2 Q. So with that predicate my question is, do you</p> <p>3 recall discussing with Dondero or Waterhouse or with</p> <p>4 anyone as to why NexPoint would be transferring money</p> <p>5 to Highland at that time?</p> <p>6 A. Yes, I would have had conversations with</p> <p>7 Mr. Dondero or Mr. Waterhouse.</p> <p>8 Q. And do you remember specifically in 2019 why</p> <p>9 these transfers were made from NexPoint as opposed to</p> <p>10 some other Dondero entity?</p> <p>11 A. Not with specificity, but certainly NexPoint</p> <p>12 was generating cash at that time, and had the ability</p> <p>13 to assist with Highland's liquidity.</p> <p>14 Q. So sitting here today, you've told me</p> <p>15 generally and logically that you have no specific</p> <p>16 memory why between January 2019 and August 2019, any of</p> <p>17 these payments on Exhibit 14 were made by NexPoint?</p> <p>18 A. I have no specific memory, but I would say</p> <p>19 with certainty that most or all of this was driven by</p> <p>20 Highland HCMLP liquidity needs.</p> <p>21 Q. And most or all of this would have been</p> <p>22 Highland in the first instance going to NexPoint and</p> <p>23 saying, hey, can you send us some cash?</p> <p>24 MR. MORRIS: Objection to the form of the</p> <p>25 question.</p>	<p style="text-align: right;">44</p> <p>1 A. So these were cash forecasts, looking at</p> <p>2 outlook. I can tell you almost without exception,</p> <p>3 maybe -- with maybe without exception, be speculating,</p> <p>4 but those forecasts would be showing negative numbers</p> <p>5 at Highland, virtually nonstop.</p> <p>6 And so it was important, my opinion, but it</p> <p>7 was probably important to Frank to make sure that he</p> <p>8 was getting in front of Jim to make sure that those</p> <p>9 needs were being addressed timely.</p> <p>10 Q. So I've asked that question. I want to ask</p> <p>11 you a different question.</p> <p>12 For any of these payments between</p> <p>13 January 2019 and August 2019 reflected on Exhibit 14,</p> <p>14 do you have any personal knowledge as to whether they</p> <p>15 were intended to be prepayments or not?</p> <p>16 MR. MORRIS: Objection to the form of the</p> <p>17 question.</p> <p>18 THE WITNESS: I don't know whether they were</p> <p>19 intended to be prepayments at that time.</p> <p>20 Q. (BY MR. RUKAVINA) Sitting here today, seeing</p> <p>21 this document as a CPA and as a sophisticated person,</p> <p>22 do you read this Exhibit 14 to indicate that those</p> <p>23 payments were booked as prepayments?</p> <p>24 MR. MORRIS: Objection to the form of the</p> <p>25 question.</p>

David Klos - October 27, 2021

<p style="text-align: right;">45</p> <p>1 THE WITNESS: Again, the term "prepayments"</p> <p>2 is the one I'm struggling with. I can ascertain that</p> <p>3 there are payments and they're off schedule. But I</p> <p>4 don't know that I can ascertain that they're</p> <p>5 prepayments.</p> <p>6 Q. (BY MR. RUKAVINA) Well, if a borrower makes</p> <p>7 a payment that's ahead of schedule, how would that</p> <p>8 generally be accounted for?</p> <p>9 MR. MORRIS: Objection to the form of the</p> <p>10 question.</p> <p>11 THE WITNESS: It would be accounted for as a</p> <p>12 reduction of principal or interest or some combination</p> <p>13 of the two.</p> <p>14 Q. (BY MR. RUKAVINA) Which would relieve the</p> <p>15 borrower of having to make that at some point in the</p> <p>16 future; right?</p> <p>17 MR. MORRIS: Objection to the form of the</p> <p>18 question.</p> <p>19 THE WITNESS: No. The borrower still owes</p> <p>20 the money. This is showing 23-point -- pick a date.</p> <p>21 May 31, 23.034-. That there's significant obligations</p> <p>22 that are still outstanding.</p> <p>23 Q. (BY MR. RUKAVINA) So on June 4, 2019 -- I'm</p> <p>24 sorry, on June 19, 2019, the borrower made a</p> <p>25 \$2.1 million payment. That's what this shows; correct?</p>	<p style="text-align: right;">47</p> <p>1 that the maker may pay outstanding accrued interest, or</p> <p>2 unpaid principal.</p> <p>3 Q. (BY MR. RUKAVINA) But my question is, as I</p> <p>4 understand accrued interest, it means interest that has</p> <p>5 already occurred or accrued as of the date, like</p> <p>6 today's date; right?</p> <p>7 A. Uh-huh.</p> <p>8 MR. MORRIS: Objection to the form of the</p> <p>9 question.</p> <p>10 Q. (BY MR. RUKAVINA) Do you agree with that?</p> <p>11 Do you agree with that? Accrued interest</p> <p>12 means interest that has already come due, that has</p> <p>13 actually happened because interest happens over time.</p> <p>14 A. Accrued interest --</p> <p>15 MR. MORRIS: Objection to the form of the</p> <p>16 question.</p> <p>17 Q. (BY MR. RUKAVINA) Why don't you start. Why</p> <p>18 don't you define for me accrued interest.</p> <p>19 A. Sure. Accrued interest would be outstanding</p> <p>20 and unpaid interest that -- sorry, it's hard to define</p> <p>21 it without using the term. But it's interest that's</p> <p>22 accumulated in respect of a principal amount through a</p> <p>23 given date.</p> <p>24 Q. So how do you prepay accrued interest?</p> <p>25 A. How do you prepay accrued interest. Again,</p>
<p style="text-align: right;">46</p> <p>1 A. I see that.</p> <p>2 Q. You're not saying that the borrower would</p> <p>3 ever have to make that same \$2.1 million payment again,</p> <p>4 are you?</p> <p>5 A. No. What I'm saying is, based on that 2.1-</p> <p>6 payment -- and this is reading this cold.</p> <p>7 But based on that 2.1- payment, 66,000 was</p> <p>8 applied to interest, which left zero accrued interest</p> <p>9 outstanding. 2.03- applied to principal, which left</p> <p>10 24.7- and change still outstanding.</p> <p>11 Q. Well, I'm going to ask you about the</p> <p>12 promissory note then, Exhibit 13, in particular</p> <p>13 Section 3, where it says prepayment allowed.</p> <p>14 And the first sentence says, may or -- pardon</p> <p>15 me, maker may prepay in whole or in part the unpaid</p> <p>16 principal or accrued interest of this note.</p> <p>17 Do you see that, sir?</p> <p>18 A. Yes, I see that.</p> <p>19 Q. In your experience, can someone prepay</p> <p>20 accrued interest?</p> <p>21 MR. MORRIS: Objection to the form of the</p> <p>22 question.</p> <p>23 THE WITNESS: The document reads, maker may</p> <p>24 prepay in whole or in part the unpaid principal or</p> <p>25 accrued interest of this note. So I read that to say</p>	<p style="text-align: right;">48</p> <p>1 that's a little bit of a mental jumble.</p> <p>2 Q. Exactly.</p> <p>3 A. Well, what I'm...</p> <p>4 Q. To me one pays accrued interest. But this</p> <p>5 note says you can prepay accrued interest. So I'm just</p> <p>6 seeing whether you as a CPA, CFO and controller for</p> <p>7 years agrees that one can prepay accrued interest?</p> <p>8 MR. MORRIS: Objection to the form of the</p> <p>9 question.</p> <p>10 THE WITNESS: Frankly, I don't know if it's</p> <p>11 possible. That's not how I'm seeing it applied here,</p> <p>12 based on the quick review of Exhibit 14.</p> <p>13 Q. (BY MR. RUKAVINA) Well, the next sentence</p> <p>14 says, any payments on this note shall be applied first</p> <p>15 to unpaid accrued interest hereon, and then to unpaid</p> <p>16 principal hereof.</p> <p>17 Do you see that, sir?</p> <p>18 A. I see that.</p> <p>19 Q. Do you have any understanding based either on</p> <p>20 your personal knowledge or in your expertise as a CPA</p> <p>21 and a CFO as to what that sentence means?</p> <p>22 MR. MORRIS: Objection to the form of the</p> <p>23 question.</p> <p>24 THE WITNESS: The way that I would read that</p> <p>25 would be that for a payment, for example, pick a date,</p>

David Klos - October 27, 2021

<p style="text-align: right;">49</p> <p>1 Exhibit 14 again, the \$2.1 million payment on or about 2 June 19. I see that a payment was made. 3 And it was -- it appears that there was 4 accrued and unpaid interest at that time of 66,000. And 5 so the first 66,000 was applied to outstanding accrued 6 interest, to bring the balance to zero. 7 And the difference between that 66,000 and the 8 2.1 million was applied to principal. 9 Q. (BY MR. RUKAVINA) Do you believe, whether 10 from personal knowledge from this note, Exhibit 13, or 11 your experience at Highland or as a CPA, that one can 12 say that interest, accrued interest will be due on a 13 future date, it will accrue by that date, but I'm going 14 to pay it earlier as of that date? 15 MR. MORRIS: Objection to the form of the 16 question. 17 THE WITNESS: If I can rephrase back to you 18 just so I make sure I'm understanding the question. 19 You're saying could someone say, I would like to prepay 20 interest into the future. It hasn't accrued yet, but 21 it will be accrued by end of year. 22 And I would like to be prepaid effectively 23 with respect to that interest, and then have the 24 remainder used to pay down principal. 25 The question is, can someone do that?</p>	<p style="text-align: right;">51</p> <p>1 believe that has been done in a specific circumstance. 2 Q. So at least at Highland, you would believe 3 that that phrase, prepaying accrued interest, had some 4 established meaning at Highland? 5 MR. MORRIS: Objection to the form of the 6 question. 7 THE WITNESS: No, I don't agree with that. 8 Q. (BY MR. RUKAVINA) Okay. You understand, of 9 course, that it's Highland's position that with respect 10 to this note, a payment was due on December 31 of 2020 11 that wasn't made; correct? 12 A. Yes, it's my understanding -- if I can state 13 it back just so I make sure I'm getting it correctly. 14 It's my understanding that there was a payment due on 15 December 31, 2020, that wasn't made timely, yes. 16 Q. Okay. Do you know why that payment wasn't 17 made timely? 18 A. By recollection, because Mr. Dondero had 19 directed people not to process payments from Highland 20 affiliates to Highland. 21 Q. When did you learn of that? 22 A. Early December 2020. 23 Q. How did you learn of that? 24 A. I don't specifically remember the 25 conversation, but I know I had conversations with both</p>
<p style="text-align: right;">50</p> <p>1 Q. (BY MR. RUKAVINA) Yes. 2 MR. MORRIS: I object to the question. 3 THE WITNESS: I suppose it's possible, but 4 that certainly wasn't the practice if that makes sense. 5 Q. (BY MR. RUKAVINA) That does make sense. I'm 6 still struggling, and again, I'm not trying to be a 7 smart aleck. I'm still struggling with the first 8 sentence of paragraph 3, that maker may prepay accrued 9 interest. 10 And it sounds like to me like you don't 11 necessarily have a definitive answer as to what that 12 might have meant either. 13 MR. MORRIS: Objection to the form of the 14 question. 15 THE WITNESS: I think the document speaks for 16 itself in that sentence. 17 Q. (BY MR. RUKAVINA) But have you seen 18 something like this, to your recollection, in other 19 Highland promissory notes? 20 A. Something like what? 21 Q. Prepaying accrued interest. 22 A. Yes, I have seen that. 23 Q. What's your memory? Where have you seen 24 that? 25 A. I can't remember a specific note, but I</p>	<p style="text-align: right;">52</p> <p>1 Kristin and Frank. I can't remember if those were 2 individual or collective, but we understood that to be 3 the marching orders. 4 Q. Did you hear Mr. Dondero say anything like 5 that? 6 A. I did not. 7 Q. Did Mr. Waterhouse tell you that Mr. Dondero 8 said something like that to him? 9 A. Yes. 10 Q. Okay. Separately, do you remember whether 11 Ms. Hendrix told you that Mr. Waterhouse told her that, 12 or would it have been kind of at the same meeting? 13 A. I don't remember specifically. It would have 14 been all around the same time. 15 Q. And to the best of your recollection, what 16 words -- strike that. 17 To the best of your recollection, did 18 Mr. Waterhouse include a reference to promissory notes 19 and the Advisors when he said that Dondero told him not 20 to make payments? 21 MR. MORRIS: Objection to the form of the 22 question. 23 THE WITNESS: I don't remember the specific 24 words that Mr. Waterhouse used. My clear impression 25 was that it was a very global instruction.</p>

David Klos - October 27, 2021

<p style="text-align: right;">53</p> <p>1 And I should clarify also that, you know, at 2 this time, I think as we covered in my background. 3 At this point I had assumed the chief 4 accounting officer role, so I wasn't necessarily in 5 the -- in as much of the chain of command as I had been 6 previously to taking that role, where that sort of thing 7 might have come from Frank, to me, to Kristin. 8 By this time, Frank and Kristin were 9 communicating and I was sometimes in the loop, sometimes 10 not. 11 Q. (BY MR. RUKAVINA) Did Mr. Waterhouse tell 12 you why Dondero had told him that? 13 A. I don't remember with any specificity. 14 However, my perception at the time was that at this 15 time the relationship between Mr. Dondero and Mr. Seery 16 was hopelessly broken, and that this was Jim Dondero, 17 you know, gearing up for a fight in the future. 18 Q. Prior to December of 2020, had you prepared a 19 report showing potential overpayments that NexPoint and 20 HCMFA had made on account of shared services and 21 payroll reimbursement? 22 MR. MORRIS: Objection to the form of the 23 question. 24 You can answer. 25 THE WITNESS: I know the analysis that you're</p>	<p style="text-align: right;">55</p> <p>1 analysis, right or wrong, suggested that the Advisors 2 had made large overpayments? 3 MR. MORRIS: Objection to the form of the 4 question. 5 THE WITNESS: No, that's incorrect. 6 Q. (BY MR. RUKAVINA) Why is that incorrect? 7 A. Because by recollection, to the best of my 8 recollection, that analysis didn't occur until after 9 Dondero had told Frank no more payments. 10 Q. Is that the only reason why you might suspect 11 that what I just said was incorrect? 12 MR. MORRIS: Objection to the form of the 13 question. 14 THE WITNESS: Yeah, I don't know how to 15 answer that. 16 Q. (BY MR. RUKAVINA) I'm going back, when I 17 asked you, did Waterhouse tell you why Dondero gave the 18 direction, you said no. 19 MR. MORRIS: Objection to the form of the 20 question. 21 THE WITNESS: Sorry, I'm not sure. If I 22 could have the question asked again, I'd be happy to 23 answer. 24 Q. (BY MR. RUKAVINA) I'll ask it again. 25 Mr. Waterhouse tells you that Mr. Dondero</p>
<p style="text-align: right;">54</p> <p>1 talking about. I would not characterize it the way 2 that you characterized it. 3 Q. (BY MR. RUKAVINA) And we'll talk about this 4 more in November, so I really don't want to go into any 5 detail, unless you feel the need to. 6 But, so you did not prepare that analysis? 7 MR. MORRIS: Objection to the form of the 8 question. 9 THE WITNESS: I prepared an analysis that 10 differed from how you described it. 11 Q. (BY MR. RUKAVINA) How would you describe it, 12 in a nutshell? 13 A. I would describe it as I was asked to refresh 14 a spreadsheet using certain assumptions, based on the 15 direction of Frank Waterhouse, and I updated and I sent 16 him an email. 17 Q. Do you have any understanding that that 18 analysis was then shared with Mr. Dondero by 19 Mr. Waterhouse? 20 A. I know that now. I didn't know that at the 21 time. 22 Q. Do you have any understanding -- strike that. 23 Did you have any understanding that as of 24 early December 2020 the reason why Mr. Dondero said 25 what he said to Mr. Waterhouse was because that</p>	<p style="text-align: right;">56</p> <p>1 basically said no more payments; right? 2 A. Yes. 3 Q. And, but he did not tell you why Mr. Dondero 4 said that? 5 A. Not that I can recall. 6 Q. So he might have? 7 A. He might have. I don't specifically 8 remember. 9 Q. Do you recall asking him or anyone else why 10 Dondero would have said that? 11 MR. MORRIS: Objection. Asked and answered. 12 THE WITNESS: I don't recall specifically 13 asking. 14 Q. (BY MR. RUKAVINA) Do you recall telling 15 Mr. Seery that Dondero said anything like that? 16 A. At what point in time? 17 Q. Prior to December 31, 2020. 18 A. No, I did not. I did not say that to 19 Mr. Seery. 20 Q. In your mind was there any present 21 understanding or concern that NexPoint therefore 22 wouldn't make a scheduled December 31, 2020, payment? 23 A. Was there any concern that they wouldn't? 24 Q. Yeah. 25 A. I would never use the word "concern." At</p>

David Klos - October 27, 2021

<p style="text-align: right;">57</p> <p>1 that point I wasn't even on the team anymore, so I hate 2 to say it's other people's problem, but I had my hands 3 full with plenty of other things. It wasn't something 4 I was thinking about. 5 Q. Do you remember here today that prior to 6 December 31, 2020, you believed that NexPoint would not 7 make the scheduled payment? 8 MR. MORRIS: Objection to the form of the 9 question. 10 THE WITNESS: I had no idea whether NexPoint 11 was going to make the payment. 12 Q. (BY MR. RUKAVINA) Were you asked prior to 13 December 31, 2020 by Mr. Seery or anyone else as to 14 whether NexPoint was going to make that payment? 15 A. Was I asked by Mr. Seery? Not that I can 16 remember. 17 Q. Prior to December 31, 2020, do you recall any 18 discussion with Mr. Seery about the NexPoint note? 19 MR. MORRIS: I'm sorry, can I have the 20 question again. 21 Q. (BY MR. RUKAVINA) Prior to December 31, 22 2020, do you recall any discussion that you had with 23 Mr. Seery about this NexPoint note? 24 A. Not that I can remember. If there was, it 25 would have been in a cash meeting, but I don't remember</p>	<p style="text-align: right;">59</p> <p>1 and change payment? 2 A. Yeah, I'm aware that that payment happened. 3 Q. When did you become aware of that payment? 4 A. I think after it happened. 5 Q. Can you tell us, was it days, weeks, months 6 later? 7 A. It was that day. And if I can expand, I 8 recall getting an email, seeing a large inflow to 9 Highland, to MLP because I was on an email distribution 10 list that had those payments. 11 And I think I emailed or called Kristin and 12 asked her, is this the NexPoint note, because it was a 13 large amount of money. And she said yes. 14 Q. Did she tell you anything more about that 15 payment, when it had been made, why, who authorized it? 16 A. I had that information of when it had been 17 sent. I had a wire confirm. 18 Q. Only important thing to you is where did that 19 money come from? 20 A. It wasn't important to me. It was more 21 curiosity. 22 Q. Did you have any discussions with anyone on 23 or about that time, January 14, 2021, as to why 24 NexPoint made that payment? 25 A. Not that I can remember.</p>
<p style="text-align: right;">58</p> <p>1 at all. 2 Q. So it might have been some detail as part of 3 a larger discussion, but you don't remember any 4 specific discussion just around this note? 5 A. No. 6 Q. When did you learn or how did you learn that 7 the December 31 payment had not been made? 8 A. I'm not sure, but certainly after 9 December 31. 10 Q. Do you recall if it was before or after 11 January 7? 12 A. I think it was after. 13 Q. The default letter from Highland is in here, 14 if you need to see it. I'm just telling you it's the 15 January 7. 16 Do you recall having any role with respect to 17 drafting the default letter that went out to NexPoint 18 after the failed payment? 19 A. No, none that I can remember. 20 Q. How do you recall learning that the note had 21 been called by Highland? 22 A. I honestly don't remember. I think after the 23 fact. I couldn't tell you how far after the fact. 24 Q. Are you aware that on or about July -- I'm 25 sorry, January 14, 2021 NexPoint made a \$1.4 million</p>	<p style="text-align: right;">60</p> <p>1 Q. Did you have any discussion with anybody on 2 or about that time, January 14, 2021, as to how HCMLP 3 should account for that payment? 4 A. No. 5 Q. Did you have any discussion with Mr. Seery at 6 all about whether that payment should or shouldn't 7 reinstate the note? 8 A. No discussion that I can remember. 9 Q. Is it fair to say that any of those 10 considerations would have been at that point in time 11 above your paygrade? 12 MR. MORRIS: Objection to the form of the 13 question. 14 THE WITNESS: Yeah, paygrade, I don't know 15 how to respond to that. Like I said before, I wasn't 16 on the team at that point. I wouldn't have been 17 involved in that determination regardless of my 18 compensation. 19 Q. (BY MR. RUKAVINA) So you know and you 20 remember that in early December 2020 Frank Waterhouse 21 told you that Dondero had directed no more payments by 22 the Advisors. And you know that a payment was made on 23 January 14. 24 And that's pretty much the extent of your 25 knowledge about the missed December 31 payment?</p>

David Klos - October 27, 2021

<p style="text-align: right;">61</p> <p>1 MR. MORRIS: Objection to the form of the 2 question. 3 THE WITNESS: Yeah, it's a very broad 4 question. In general terms, yes. 5 Q. (BY MR. RUKAVINA) Well, I'm not asking what 6 you learned since then. 7 I'm asking that as of, let's say, January 15, 8 2021 that would have been the extent of what you would 9 have known? 10 A. Correct. And if I can just restate and make 11 sure I understand what I'm saying. 12 It would have been my understanding that we 13 had had an instruction -- when I say "we," Kristin and 14 Frank and by default the whole corporate team -- not to 15 make payments from these affiliated entities. 16 To my knowledge, none of those payments had 17 occurred since that point. And then on or about 18 January 14, such a payment was made and I found out 19 about that by seeing a wire confirm. 20 Q. Well, you mentioned a couple times that you, 21 in December 2020, you weren't part of that group 22 anymore. So do you have any understanding as to why 23 Mr. Waterhouse would have told you in particular, you 24 being Mr. Klos, about that instruction from Dondero? 25 A. Sure. I still was participating in cash</p>	<p style="text-align: right;">63</p> <p>1 Q. Do you remember any discussion at that 2 approximate point in time for your cash meetings or 3 anything else as to whether NexPoint had made any 4 prepayments on the promissory note? 5 MR. MORRIS: Objection to the form of the 6 question. 7 THE WITNESS: Yeah, it's very hard to -- by 8 the way, I've said yeah a few times. I want to make 9 clear that that's just -- 10 Q. (BY MR. RUKAVINA) That's not a yes? 11 A. I apologize for that. 12 Q. Understood. Yeah means, it's not a yes. 13 MR. MORRIS: It's a pause; it's an um. 14 Q. (BY MR. RUKAVINA) Germans call it flavoring 15 particle. 16 A. Sorry, I got lost there. If you can ask 17 again. 18 Q. Yeah. Do you recall in November or 19 December 2020 in your weekly meetings or anything else, 20 any discussion whatsoever concerning whether NexPoint 21 had made any prepayments on its note? 22 A. No discussions of whether or not there had 23 been a prepayment that I can remember, no. 24 Q. To the best of your knowledge sitting here 25 today -- strike that.</p>
<p style="text-align: right;">62</p> <p>1 meetings, even if it was almost in a nominal role, 2 because of some of my history that I had. So I was 3 still participating in those meetings. 4 I've worked closely with Kristin for a long 5 time, so I may have caught up with her informally. But 6 as far as day-to-day duties, I wasn't part of that team 7 anymore. 8 Q. And is it your, did I understand you 9 correctly, is it your testimony that Mr. Waterhouse 10 informed the whole accounting group there, the 11 corporate accounting group, of Mr. Dondero's 12 instruction? 13 A. I don't know specifically who he told, if he 14 told every single member of the team, but he certainly 15 told Kristin and Kristin was the head of the team. 16 Q. And you don't recall anyone, after you heard 17 about that instruction, raising any concern to the 18 effect that NexPoint is going to default and be in 19 trouble if that payment isn't made? 20 A. I don't remember any discussion to that 21 effect. 22 Q. Do you remember anyone suggesting that they 23 ought to try to dissuade Mr. Dondero from that 24 direction? 25 A. Not that I can remember.</p>	<p style="text-align: right;">64</p> <p>1 For my next question, again we're assuming 2 that Exhibit 14 is what it appears to be. 3 A. Sure, sure. 4 Q. So with that qualification, to the best of 5 your knowledge, other than what's on Exhibit 14, can 6 you think of any other record or source or document 7 that would address whether any unscheduled payments by 8 NexPoint would or wouldn't be prepayments on the note? 9 MR. MORRIS: Objection to the form of the 10 question. 11 THE WITNESS: Again, with the struggle of the 12 prepayment, this is the document that I would expect to 13 explain how the payment was applied. 14 Q. (BY MR. RUKAVINA) But you yourself did not 15 play any role in deciding how the payment would be 16 applied? 17 A. I'd hesitate to say no role, because the team 18 ultimately rolls up to me. 19 Q. You personally? 20 A. Me personally, I wouldn't have prepared these 21 schedules. 22 Q. Or decided, you personally, as Mr. Klos, how 23 any unscheduled payments should be accounted for by 24 Highland? 25 A. Correct, not without some -- some</p>

David Klos - October 27, 2021

<p style="text-align: right;">65</p> <p>1 authoritative direction on how they should be applied. 2 Q. And that authoritative direction would have 3 come from Mr. Waterhouse or Mr. Dondero? 4 A. That's what I would expect. 5 Q. Could it have come from anyone else that you 6 can think of here today? 7 A. Not that I can think of. 8 Q. Now we're going to switch gears and I think 9 we're going to stop discussing the NexPoint note, and 10 we're going to focus on the HCMFA two promissory notes. 11 A. Sure. 12 Q. So we're going to go back in time to 13 May 2019; okay? 14 A. Sure. 15 Q. And is it fair to say by -- that by May 2019 16 there were at least dozens if not hundreds of instances 17 of intercompany loans in the years leading up there 18 from Highland to one of the other entities? 19 MR. MORRIS: Objection to the form of the 20 question. 21 THE WITNESS: From Highland to one of the 22 other entities. Can you help with other entities. 23 Q. (BY MR. RUKAVINA) Advisors, the trusts, any 24 of the Dondero entities? 25 MR. MORRIS: Objection to the form of the</p>	<p style="text-align: right;">67</p> <p>1 Q. (BY MR. RUKAVINA) Are you familiar with 2 Exhibits 1 and 2, sir? 3 A. Yes, I am. 4 Q. Do you remember them from back -- strike 5 that. 6 Did you have any role, to your knowledge, 7 with the preparation of Exhibits 1 and/or 2? 8 A. With the preparation of the documents? 9 Q. Yeah. 10 A. No. 11 Q. But you did have some role with these 12 promissory notes? 13 A. Yes. 14 Q. And I'm trying to find that email as well. 15 There's an email here from you. I'll have it in a 16 moment. That will help frame the question. 17 MR. MORRIS: Exhibit 3. 18 Q. (BY MR. RUKAVINA) Do you recall that email, 19 sir? 20 A. Not specifically, but it's right in front of 21 me. I'm certain that I wrote this email. 22 Q. You have no reason to deny or reject its 23 authenticity? 24 A. I have no reason to reject it or question it. 25 Q. Just give me a second. I don't understand</p>
<p style="text-align: right;">66</p> <p>1 question. 2 THE WITNESS: Yes, there would have been many 3 loans over the years. 4 Q. (BY MR. RUKAVINA) And do I understand that 5 most, if not all, of those loans should have been 6 papered up with a written promissory note? 7 MR. MORRIS: Objection to the form of the 8 question. 9 THE WITNESS: Should have been. To the 10 extent that they were for a promissory note, then yes. 11 Q. (BY MR. RUKAVINA) So in the May 2019 time 12 frame, was there a regular pattern or course or 13 procedure in place as to how a promissory note would be 14 physically prepared and presented for approval? 15 MR. MORRIS: Objection to the form of the 16 question. 17 THE WITNESS: Yeah, when you say a process, 18 can you please clarify that for me. 19 Q. (BY MR. RUKAVINA) Sure. Let's look at these 20 two promissory notes and maybe that will help frame the 21 question. And I apologize for not having them right 22 here. 23 A. It might be -- 24 MR. MORRIS: 1 and 2. 25 MR. RUKAVINA: Yes.</p>	<p style="text-align: right;">68</p> <p>1 what's going on with my exhibits. I just don't 2 understand this. 3 (Off the record.) 4 Q. (BY MR. RUKAVINA) You have Exhibit 3 in 5 front of you? 6 A. I do. 7 Q. And it says, please send 2.4 million from 8 HCMLP to HCMFA. This is a new interco. 9 Meaning intercompany; right? 10 A. Correct. 11 Q. This is a new intercompany loan. 12 Who told you that this was an intercompany 13 loan? 14 A. Either Frank or Jim. I would suspect Frank. 15 Q. Do you have any present memory of him telling 16 you that with respect to this particular loan? 17 A. I don't have a specific recollection, but 18 with a hundred percent certainty he or Jim would have 19 directed that. 20 Q. Would they have directed the payment, or 21 would they have directed that it be papered as a loan, 22 or both? 23 A. Both. 24 Q. So in each instance -- well, let's take a 25 step back.</p>

David Klos - October 27, 2021

<p style="text-align: right;">69</p> <p>1 So certainly either Jim or Frank directed you</p> <p>2 to transfer the \$2.4 million; correct?</p> <p>3 A. Either Jim or Frank would have directed, yes.</p> <p>4 There's 0 percent chance I would have sent this email</p> <p>5 if I didn't feel a hundred percent confident that this</p> <p>6 was authorized in the way that I described in the</p> <p>7 email.</p> <p>8 Q. But can you also say with certainty that</p> <p>9 either Dondero or Waterhouse also told you that this</p> <p>10 transfer is an intercompany loan?</p> <p>11 A. With a hundred percent certainty, yes. I</p> <p>12 can't say that necessarily with respect to Dondero,</p> <p>13 because I don't remember if I would have talked to him</p> <p>14 specifically about it. But, yes, this would have been</p> <p>15 clear that it's a loan.</p> <p>16 Q. You say clear. Did someone tell you that</p> <p>17 it's a loan, or are you just, because of the prior</p> <p>18 10 years of course and conduct, logically deciding that</p> <p>19 it has to be a loan?</p> <p>20 MR. MORRIS: Objection to the form of the</p> <p>21 question.</p> <p>22 THE WITNESS: So this is -- this is not just</p> <p>23 a situation of past practice. I would have known with</p> <p>24 certainty that this was a loan and that's what was</p> <p>25 authorized.</p>	<p style="text-align: right;">71</p> <p>1 within that fund.</p> <p>2 Q. Who made that NAV error?</p> <p>3 MR. MORRIS: Objection to the form of the</p> <p>4 question.</p> <p>5 THE WITNESS: Yeah, it's hard to answer that.</p> <p>6 So the Highland Capital Management Fund Advisors is the</p> <p>7 advisor to the fund, so they're the responsible party</p> <p>8 for making the fund whole in the instances of NAV</p> <p>9 errors.</p> <p>10 Q. (BY MR. RUKAVINA) And did HCMFA contract out</p> <p>11 with Highland for valuation services?</p> <p>12 MR. MORRIS: Objection to the form of the</p> <p>13 question.</p> <p>14 THE WITNESS: I don't specifically remember</p> <p>15 if they contracted for valuation services, but if you</p> <p>16 tell me that they did, I'll take that at face value.</p> <p>17 So yes, HCMFA utilized HCMLP for valuation services.</p> <p>18 Q. (BY MR. RUKAVINA) Do you have any memory of</p> <p>19 what human being or beings made that NAV error?</p> <p>20 MR. MORRIS: Objection to the form of the</p> <p>21 question.</p> <p>22 THE WITNESS: It's -- in respect to people,</p> <p>23 not particularly. In respect to parties, Houlihan</p> <p>24 Lokey was the service provider that performed the</p> <p>25 valuation that resulted in the NAV error.</p>
<p style="text-align: right;">70</p> <p>1 Q. (BY MR. RUKAVINA) How would you have known</p> <p>2 with certainty that it was a loan?</p> <p>3 A. I'll say in part because of past practice,</p> <p>4 but also because of the nature of what the money was</p> <p>5 going to be used for, and the background behind it.</p> <p>6 Q. So you knew that nature and that background?</p> <p>7 A. The nature and background of the 2.4 million,</p> <p>8 yes.</p> <p>9 Q. So you've told me that in part -- I asked you</p> <p>10 how did you know it was a loan. You said in part past</p> <p>11 practices, in part you knew the nature. Anything else?</p> <p>12 A. I'm certain that given that I wrote this</p> <p>13 email, which Frank is on, that I would have had a</p> <p>14 conversation with Frank about what this was.</p> <p>15 Q. Was Jim Dondero in the corporate accounting</p> <p>16 email?</p> <p>17 A. No, he wasn't.</p> <p>18 Q. So what is your understanding as to what this</p> <p>19 \$2.4 million was for?</p> <p>20 A. This related to -- well, to separate the</p> <p>21 transaction, the 2.4- itself relates to a promissory</p> <p>22 note. That's what was executed.</p> <p>23 HCMFA's use of the 2.4 million was to</p> <p>24 reimburse a fund that it managed called Highland Global</p> <p>25 Allocation Fund for a NAV error that had occurred</p>	<p style="text-align: right;">72</p> <p>1 And as I described before, the valuation</p> <p>2 function was housed at HCMLP by HCMLP employees</p> <p>3 supporting that through, among other people, front</p> <p>4 office, compliance, other parts of the organization as</p> <p>5 well.</p> <p>6 Q. (BY MR. RUKAVINA) So it was your</p> <p>7 understanding that Highland was loaning \$2.4 million to</p> <p>8 HCMFA for HCMFA to compensate that fund?</p> <p>9 A. Yes.</p> <p>10 Q. Did you have any understanding that Highland</p> <p>11 might have been, instead of loaning that money,</p> <p>12 actually paying that money to HCMFA to compensate HCMFA</p> <p>13 for Highland's valuation error?</p> <p>14 A. First, not Highland's valuation error. But</p> <p>15 second, no, there's no way that that would have been</p> <p>16 what that payment was for.</p> <p>17 Q. Why can you say that there's no way that that</p> <p>18 would have been what that payment was for?</p> <p>19 A. First, this wasn't the first NAV error that</p> <p>20 ever occurred. There had been other NAV errors. There</p> <p>21 were other NAV errors with respect to this valuation</p> <p>22 that pertain to NexPoint Advisors.</p> <p>23 There was no reimbursement from HCMLP to</p> <p>24 NexPoint or HCMFA, regardless of any individual being</p> <p>25 identified as the person. That had just never occurred</p>

David Klos - October 27, 2021

<p style="text-align: right;">73</p> <p>1 to my knowledge.</p> <p>2 Second, the amount was to meet the liquidity</p> <p>3 need of HCMFA. It wasn't to -- it wasn't to</p> <p>4 dollar-for-dollar make up for the NAV error. It was</p> <p>5 that's how much money HCMFA needed.</p> <p>6 Third, it was definitely Dondero's practice</p> <p>7 and preference to have expenses at HCMFA for tax</p> <p>8 purposes. So if this was compensation, he would</p> <p>9 ultimately not really be benefiting from the deduction</p> <p>10 so.</p> <p>11 That would have been a strong preference of</p> <p>12 his against having it be compensation.</p> <p>13 So it would have been excruciatingly clear</p> <p>14 that this was a loan for liquidity for HCMFA to make</p> <p>15 the fund whole, just like it had in the past NAV</p> <p>16 errors.</p> <p>17 Q. How did you know that HCMFA needed</p> <p>18 \$2.4 million for liquidity?</p> <p>19 A. At that point I was still part of the</p> <p>20 corporate team, so I had a good sense of how much cash</p> <p>21 HCMFA would have had at any given moment. And at that</p> <p>22 given moment it would not have had -- I'd be shocked if</p> <p>23 it had even 2.4-.</p> <p>24 Probably would have had probably between</p> <p>25 a million and 2 million if I had to speculate.</p>	<p style="text-align: right;">75</p> <p>1 HCMFA for the liquidity. HCMFA made the payment to the</p> <p>2 fund. It wasn't dollar for dollar. I think it was</p> <p>3 like 5,019,000, or some such number.</p> <p>4 But 5 million was the number that would allow</p> <p>5 it to make that payment effectively to the investors of</p> <p>6 Global Allocation Fund.</p> <p>7 Q. Do you have any understanding as to why</p> <p>8 Highland, as opposed to some other entity, was</p> <p>9 transferring \$7.4 million?</p> <p>10 A. Highland as opposed to some other entity?</p> <p>11 Q. Uh-huh.</p> <p>12 A. Because Highland had the money.</p> <p>13 Q. But I think we've established earlier that in</p> <p>14 the first seven months of 2019, Highland was having</p> <p>15 constant liquidity issues?</p> <p>16 A. It was.</p> <p>17 Q. And that's part of the reason that NexPoint</p> <p>18 was making unscheduled payments on its note; right?</p> <p>19 A. That's part of the reason NexPoint was making</p> <p>20 unscheduled payments on its note, yes.</p> <p>21 Q. So your recollection is that HCMFA needed</p> <p>22 \$2.4 million for liquidity purposes and about</p> <p>23 \$5 million for the consent fee. And Highland</p> <p>24 transferred those funds because Highland had the funds?</p> <p>25 A. Yes. And I should clarify that Highland only</p>
<p style="text-align: right;">74</p> <p>1 Q. Okay. So you've given the reasons why this</p> <p>2 was clearly a loan.</p> <p>3 But you never heard Mr. Dondero say that this</p> <p>4 was a loan, did you?</p> <p>5 A. I don't remember. It's possible I did, but I</p> <p>6 don't specifically remember.</p> <p>7 Q. Okay. What about the \$5 million loan on the</p> <p>8 day after? What was that \$5 million for?</p> <p>9 A. That was similar but different. So again,</p> <p>10 HCMFA needed liquidity. This time this was for --</p> <p>11 related to that same fund.</p> <p>12 So Highland Global Allocation Fund had</p> <p>13 converted from an open-end fund, mutual fund, to a</p> <p>14 closed-end mutual fund.</p> <p>15 And pursuant to that conversion there was a,</p> <p>16 I believe it was called a consent fee, for any</p> <p>17 investors of that fund who consented to the conversion,</p> <p>18 that they would receive a 3 percent fee payable by the</p> <p>19 investment advisor.</p> <p>20 And so at this time the bill came due on that</p> <p>21 because the conversion had been completed, and the</p> <p>22 accounting for how much that 3 percent was going to be</p> <p>23 was complete.</p> <p>24 HCMFA sure as hell didn't have 5 million</p> <p>25 bucks. Excuse my language. Highland needed to pay</p>	<p style="text-align: right;">76</p> <p>1 had the funds because Mr. Dondero repaid personal notes</p> <p>2 to HCMLP on the same days.</p> <p>3 So he paid 2.4 million on May 2, which</p> <p>4 Highland turned around and reloaned. And he paid 4.4-</p> <p>5 on May 3, and Highland sent out 5-, so there's a</p> <p>6 \$600,000 difference. And my recollection, he paid the</p> <p>7 other 600,000 via note repayment within a few days.</p> <p>8 Q. So this would have been part of some broader</p> <p>9 transaction in Mr. Dondero's mind?</p> <p>10 A. I would not characterize it that way.</p> <p>11 Q. You established that HCMFA needed money. You</p> <p>12 established that Highland temporarily had money because</p> <p>13 Dondero provided it with money.</p> <p>14 But you still don't know, sir, as a fact as</p> <p>15 to whether that transfer was a loan or some other</p> <p>16 payment from HCMFA -- I'm sorry from HCM, from debtor</p> <p>17 to HCMFA?</p> <p>18 MR. MORRIS: Objection to the form of the</p> <p>19 question. Asked and answered a million times. It's in</p> <p>20 the documents you're showing him.</p> <p>21 THE WITNESS: It was a loan.</p> <p>22 MR. MORRIS: Come on, Davor. With all due</p> <p>23 respect, it's in the document. It's on the document.</p> <p>24 Q. (BY MR. RUKAVINA) I'm being courteous and</p> <p>25 respectful to you and I'd ask the same in return; okay?</p>

David Klos - October 27, 2021

<p style="text-align: right;">77</p> <p>1 A. Absolutely. I apologize if I haven't been.</p> <p>2 Q. Mr. Dondero, would you agree, was the only</p> <p>3 person that had the authority at the debtor to</p> <p>4 authorize a transfer of 2.4- and then \$5 million?</p> <p>5 A. At the debtor?</p> <p>6 MR. MORRIS: Objection to the form of the</p> <p>7 question.</p> <p>8 Q. (BY MR. RUKAVINA) Yes, at the debtor.</p> <p>9 A. No.</p> <p>10 Q. Who else could have transferred 2.4 million</p> <p>11 or \$5 million?</p> <p>12 A. Those are two different questions. But if</p> <p>13 you're asking who had the authority, certainly Frank</p> <p>14 did as well.</p> <p>15 Q. So Frank had the authority. Perhaps my</p> <p>16 question was inartful.</p> <p>17 Do you believe that Mr. Waterhouse would have</p> <p>18 decided to transfer \$2.4 million or \$5 million without</p> <p>19 Mr. Dondero's approval?</p> <p>20 MR. MORRIS: Objection to the form of the</p> <p>21 question.</p> <p>22 THE WITNESS: Generally speaking, no, but I</p> <p>23 don't know exactly what the form of the approval. But</p> <p>24 he certainly wouldn't have done that on his own without</p> <p>25 discussing with Dondero.</p>	<p style="text-align: right;">79</p> <p>1 into the note on behalf of HCMFA, yes.</p> <p>2 Q. (BY MR. RUKAVINA) Was that something that he</p> <p>3 would have done without Mr. Dondero's approval to your</p> <p>4 understanding and practice at that time?</p> <p>5 MR. MORRIS: Objection to the form of the</p> <p>6 question.</p> <p>7 THE WITNESS: Same answer that I gave before</p> <p>8 with respect to Highland.</p> <p>9 Q. (BY MR. RUKAVINA) So here's where I'm going</p> <p>10 with all this.</p> <p>11 Mr. Dondero's position, and tomorrow his</p> <p>12 testimony will be, that he caused the \$7.4 million to</p> <p>13 be transferred not as a loan to HCMFA, but to</p> <p>14 compensate HCMFA for various things including that NAV</p> <p>15 error.</p> <p>16 Other than perhaps you think he's lying,</p> <p>17 would you have any knowledge, hearsay, document,</p> <p>18 anything, to contradict Mr. Dondero's position?</p> <p>19 MR. MORRIS: Objection to the form of the</p> <p>20 question.</p> <p>21 THE WITNESS: Yes. I would point to the fact</p> <p>22 that as it pertains to the \$5 million note, if we're</p> <p>23 separating issues, there's no other possibility of what</p> <p>24 that money could be other than either a loan or equity.</p> <p>25 It's not compensation. Highland is under --</p>
<p style="text-align: right;">78</p> <p>1 Q. (BY MR. RUKAVINA) Do you believe that</p> <p>2 Mr. Waterhouse had the ability on behalf of the debtor</p> <p>3 to loan \$5 million without Mr. Dondero's approval?</p> <p>4 MR. MORRIS: Objection to the form of the</p> <p>5 question.</p> <p>6 THE WITNESS: I think he had the technical</p> <p>7 authority to. However, I don't believe in practice</p> <p>8 that he ever would.</p> <p>9 Q. (BY MR. RUKAVINA) Same question, \$2.4</p> <p>10 million?</p> <p>11 A. Same answer.</p> <p>12 Q. We've established that you never really had a</p> <p>13 direct employment or types of a role for NexPoint --</p> <p>14 I'm sorry, for HCMFA; right?</p> <p>15 A. Again --</p> <p>16 Q. To the best of your recollection?</p> <p>17 A. Best of my recollection I can't remember how</p> <p>18 the titles transferred over or whatever, but I don't</p> <p>19 believe I did.</p> <p>20 Q. Do you know whether Mr. Waterhouse in 2019</p> <p>21 had the authority, without Mr. Dondero's approval, to</p> <p>22 borrow \$7.4 million on behalf of HCMFA?</p> <p>23 MR. MORRIS: Objection to the form of the</p> <p>24 question.</p> <p>25 THE WITNESS: He had the authority to enter</p>	<p style="text-align: right;">80</p> <p>1 HCMLP has absolutely zero obligation in respect to that</p> <p>2 consent fee. So when Highland sends \$5 million to HCMFA</p> <p>3 there's nothing else that it can be. That's Point 1.</p> <p>4 Point 2, we're right in the middle of an audit</p> <p>5 at this point. Jim signs rep letters at this point.</p> <p>6 He's being provided balance sheets throughout 2019 that</p> <p>7 indicate the loans that Highland has on its books.</p> <p>8 Balance sheets are being prepared in respect</p> <p>9 of annual approvals for 15(c) for retail funds in the</p> <p>10 fall. Schedules are being created for bankruptcy after</p> <p>11 we file in October.</p> <p>12 Nobody says this is a mistake. Frank is on</p> <p>13 all of these emails. Frank never questions it.</p> <p>14 There's absolutely no evidence from that point</p> <p>15 in time to whenever this defense got raised that would</p> <p>16 indicate that anybody said that these weren't exactly</p> <p>17 what they say they are.</p> <p>18 Q. (BY MR. RUKAVINA) Are you aware that in</p> <p>19 February or March 2019 some \$5.2 million was paid from</p> <p>20 insurance that HCMFA had to the fund for the NAV error?</p> <p>21 A. The amount sounds unfamiliar, but I'm aware</p> <p>22 that insurance proceeds were paid from HCMFA to the</p> <p>23 fund.</p> <p>24 Q. And do you think that it's impossible for a</p> <p>25 sane, rational person to conclude that HCMFA had a</p>

David Klos - October 27, 2021

<p style="text-align: right;">81</p> <p>1 claim against the debtor related to that NAV error?</p> <p>2 MR. MORRIS: Objection to the form of the</p> <p>3 question.</p> <p>4 THE WITNESS: If it did, I don't know how</p> <p>5 that's not insurance fraud for basically double</p> <p>6 collecting insurance proceeds and then collecting it</p> <p>7 again.</p> <p>8 Q. (BY MR. RUKAVINA) So you believe, sir, that</p> <p>9 if insurance pays a claim you have no more right to go</p> <p>10 against a person who caused the fault?</p> <p>11 MR. MORRIS: Objection to the form of the</p> <p>12 question.</p> <p>13 THE WITNESS: We can speak specifically here.</p> <p>14 This is about a NAV error that an insurance company</p> <p>15 reimbursed HCMFA for, which it then turned around and</p> <p>16 paid for the fund.</p> <p>17 So if it went to collect that same, let's use</p> <p>18 round numbers, \$5 million from Highland that it's</p> <p>19 already collected from insurance, that sounds</p> <p>20 inappropriate to me.</p> <p>21 Q. (BY MR. RUKAVINA) Okay. But you don't know</p> <p>22 whether that's allowed in Texas law or not, do you?</p> <p>23 MR. MORRIS: Objection to the form of the</p> <p>24 question.</p> <p>25 THE WITNESS: No, I don't know whether it's</p>	<p style="text-align: right;">83</p> <p>1 A. Yes, I am. I believe Kristin sent that one.</p> <p>2 Q. Kristin sent that one?</p> <p>3 A. I believe so.</p> <p>4 Q. To whom?</p> <p>5 A. Likely the same distribution group, but</p> <p>6 that's speculation.</p> <p>7 Q. Did you see such an email in the last week or</p> <p>8 two?</p> <p>9 A. I'm not certain, but probably. I have seen</p> <p>10 email communication on or around May 3, but I don't</p> <p>11 know specifically who all was on the email. I'm going</p> <p>12 off what I would expect to see.</p> <p>13 MR. MORRIS: If you're really interested,</p> <p>14 it's right here. It was produced to you with</p> <p>15 Bates 3763. And if you'd like to question the witness.</p> <p>16 MR. RUKAVINA: When was it produced?</p> <p>17 MR. MORRIS: I can't tell you. It's part of</p> <p>18 the same package.</p> <p>19 Q. (BY MR. RUKAVINA) So going back to this</p> <p>20 Exhibit 3, sir, why did you ask Kristin, can you or</p> <p>21 Hayley please prep a note for execution? Why them?</p> <p>22 Remember, I was asking about what the course</p> <p>23 or procedure was at that point in time.</p> <p>24 A. Yeah, so nomenclature, procedure, process.</p> <p>25 I would say the informal process for these</p>
<p style="text-align: right;">82</p> <p>1 allowed under Texas law.</p> <p>2 Q. (BY MR. RUKAVINA) So you don't know that if</p> <p>3 you're hit by someone on the street and your medical</p> <p>4 insurance pays your bills, you don't know that he still</p> <p>5 has to pay you for the same bills?</p> <p>6 MR. MORRIS: Objection to the form of the</p> <p>7 question. I hope I don't miss my plane.</p> <p>8 Q. (BY MR. RUKAVINA) You don't know that under</p> <p>9 Texas law if someone hits you with their car and causes</p> <p>10 you medical bills and your medical insurance pays those</p> <p>11 bills, that you can still sue them for the same</p> <p>12 damages?</p> <p>13 MR. MORRIS: Objection to the form of the</p> <p>14 question.</p> <p>15 THE WITNESS: I'm not familiar at any level</p> <p>16 of specificity with Texas law.</p> <p>17 Q. (BY MR. RUKAVINA) Again, it just sounds</p> <p>18 wrong to you that you could go after someone after</p> <p>19 insurance pays, but you don't know legally one way or</p> <p>20 the other?</p> <p>21 A. Correct. I'm not a lawyer or expert in Texas</p> <p>22 law. It feels wrong, yes.</p> <p>23 Q. Okay. Going back to this email of yours,</p> <p>24 Exhibit 3, do you recall whether there was a similar</p> <p>25 email with respect to the \$5 million note?</p>	<p style="text-align: right;">84</p> <p>1 types of loans, they were frequent in nature, would be</p> <p>2 for someone on the corporate accounting team to prepare</p> <p>3 a note and have it executed.</p> <p>4 Q. Okay. That was the standard course back</p> <p>5 then?</p> <p>6 A. Again, I don't know what standard course</p> <p>7 means. That was fairly typical.</p> <p>8 Q. Why would you not have asked someone in the</p> <p>9 Highland legal department to prepare a note?</p> <p>10 A. Because this was a legally reviewed document</p> <p>11 as far as the form of the agreement. It's a one-page,</p> <p>12 two-paragraph form that had been used for a long time.</p> <p>13 So the only thing that would change with</p> <p>14 respect to these notes would be the date, the amount,</p> <p>15 likely the rate. I can't think of anything else</p> <p>16 offhand that would have changed from note to note.</p> <p>17 Q. After you asked Ms. Hendrix to prepare this</p> <p>18 note, did you have any further role with respect to the</p> <p>19 papering, preparation, or execution of that note?</p> <p>20 A. Not that I can remember.</p> <p>21 Q. Would you have had any role in having either</p> <p>22 or both of the notes actually signed electronically or</p> <p>23 by ink by Mr. Waterhouse?</p> <p>24 A. Likely not, no.</p> <p>25 Q. Do you know who decided to have</p>

David Klos - October 27, 2021

<p style="text-align: right;">85</p> <p>1 Mr. Waterhouse as opposed to Mr. Dondero sign these two</p> <p>2 promissory notes?</p> <p>3 A. I don't.</p> <p>4 Q. On the \$5 million note, do you remember if</p> <p>5 you had any role with respect to its physical papering</p> <p>6 or execution?</p> <p>7 A. Not that I recall.</p> <p>8 Q. To the best of your memory, your role would</p> <p>9 have been done by instructing your team, hey, here is</p> <p>10 these new loans, go paper it up; is that accurate?</p> <p>11 A. On the upfront side. I suppose my role would</p> <p>12 have also included on the back end making sure that the</p> <p>13 actual payment had occurred. But that would have been</p> <p>14 doing that realtime, seeing the funds went out, and</p> <p>15 that, most importantly, that the consent fee had been</p> <p>16 paid from HCMFA to the transfer agent.</p> <p>17 Q. How did you or anyone on your team know -- so</p> <p>18 obviously, you know it's a \$2.4 million loan because</p> <p>19 that's what Waterhouse or Dondero told you; right?</p> <p>20 How did you know it was a \$2.4 million loan?</p> <p>21 MR. MORRIS: Objection. Asked and answered.</p> <p>22 THE WITNESS: I knew that the NAV error was</p> <p>23 2 million, I think it was 398,000, somewhere in that</p> <p>24 ballpark. And that 2.4- had been authorized for that</p> <p>25 purpose.</p>	<p style="text-align: right;">87</p> <p>1 Q. Did you have any understanding in early May</p> <p>2 of 2019 as to whether HCMFA was solvent or insolvent?</p> <p>3 MR. MORRIS: Objection to the form of the</p> <p>4 question.</p> <p>5 THE WITNESS: Whether HCMFA was solvent or</p> <p>6 insolvent? I'm not a solvency expert, so I don't know</p> <p>7 that I could even attempt to answer that.</p> <p>8 Q. (BY MR. RUKAVINA) Did you have an</p> <p>9 understanding as far as HCMFA goes on May 2, 2019, that</p> <p>10 its liabilities exceeded its assets?</p> <p>11 A. I don't remember specifically where it stood</p> <p>12 on assets versus liabilities.</p> <p>13 Q. Do you have any memory that by May 2, 2019,</p> <p>14 the debtor had taken a couple prior demand notes from</p> <p>15 HCMFA and made them not collectible prior to May 31,</p> <p>16 2021?</p> <p>17 A. I know what you're referring to. I wouldn't</p> <p>18 characterize it that way.</p> <p>19 Q. How would you characterize it?</p> <p>20 A. I recall that there was a financial support</p> <p>21 acknowledgment, I think it was the name of the</p> <p>22 acknowledgment.</p> <p>23 That described -- I can't remember if it</p> <p>24 described those two notes specifically or just referred</p> <p>25 to them, that there would not be collection sought on</p>
<p style="text-align: right;">86</p> <p>1 Q. (BY MR. RUKAVINA) Do you know who decided</p> <p>2 what the interest rate in this note would be, or that</p> <p>3 it would be a demand note as opposed to a term note?</p> <p>4 A. I don't specifically know who made that</p> <p>5 decision. However, the common practice for fund</p> <p>6 advisors was to put -- was for the rate to equal the, I</p> <p>7 forget if it was the short-term or long-term AFR.</p> <p>8 And for the note to be demand, that was just</p> <p>9 the standard -- that was the standard.</p> <p>10 Q. And I think I asked this, but just if I</p> <p>11 didn't.</p> <p>12 For either or both of these two notes, the</p> <p>13 2.4- and \$5 million note, did you have any role with</p> <p>14 respect to Mr. Waterhouse signing them?</p> <p>15 A. No, not that I can remember. I don't think I</p> <p>16 did.</p> <p>17 Q. And you don't remember doing anything to get</p> <p>18 his signatures?</p> <p>19 A. Not that I recall.</p> <p>20 Q. Nor would that have been something that you</p> <p>21 would expect that you would have a role with?</p> <p>22 A. Certainly not in this instance. Maybe to the</p> <p>23 extent that nobody else was around and it was time</p> <p>24 sensitive, but that wouldn't have been the case with</p> <p>25 these, I don't believe.</p>	<p style="text-align: right;">88</p> <p>1 those until May 31 of 2021.</p> <p>2 Q. Do you remember why that document was done?</p> <p>3 A. My recollection, and it could have been done</p> <p>4 for other reasons, but my recollection of it was that</p> <p>5 it was primarily audit-driven.</p> <p>6 For the auditors to be comfortable that these</p> <p>7 notes weren't going to be just called and FA not have</p> <p>8 the ability to pay them right away.</p> <p>9 Q. Because it's true in April or May of 2019</p> <p>10 HCMFA didn't have the ability to pay those notes;</p> <p>11 correct?</p> <p>12 A. It didn't have enough cash to pay those.</p> <p>13 Q. And I think you mentioned before that in</p> <p>14 May 2019 the auditors at the Highland level were</p> <p>15 talking about rolling up prior demand notes into term</p> <p>16 notes so the debtor would at least get some regular</p> <p>17 cash flow; correct?</p> <p>18 MR. MORRIS: Objection to the form of the</p> <p>19 question.</p> <p>20 THE WITNESS: No.</p> <p>21 Q. (BY MR. RUKAVINA) So you recall that -- I'm</p> <p>22 sorry, that was 2017. I was wrong; right?</p> <p>23 A. Correct.</p> <p>24 Q. So I guess here is my question, and I'm</p> <p>25 struggling to understand this.</p>

David Klos - October 27, 2021

<p style="text-align: right;">89</p> <p>1 So why would Highland be loaning an 2 additional \$7.4 million in early May of 2019 to HCMFA 3 when HCMFA already was then unable to repay its debts 4 to Highland? 5 MR. MORRIS: Objection to the form of the 6 question. 7 THE WITNESS: Yeah, I kind of reject the 8 premise of the question, and these are all controlled 9 by Jim. And it's completely within his power at any 10 point in time to make any payment on any of the loans, 11 depending on where priorities sit. 12 So the idea that HCMFA -- that Highland would 13 be doing a credit analysis on HCMFA, determining that it 14 was unable to make that payment and, therefore, this is 15 a bad note, is a completely foreign, preposterous 16 concept at that time. 17 Q. (BY MR. RUKAVINA) And in May of 2019 isn't 18 it also, sir, the case that Mr. Dondero could have, 19 right or wrong, agree or disagree, said, that 7.4- is 20 going to compensate HCMFA for the NAV error as opposed 21 to being a loan? 22 A. No. 23 Q. That's not possible? 24 A. No. 25 Q. And why is that not possible?</p>	<p style="text-align: right;">91</p> <p>1 Q. (BY MR. RUKAVINA) So it had to have been a 2 loan; correct? 3 MR. MORRIS: Objection to the form of the 4 question. 5 THE WITNESS: In these instances I know it to 6 have been a loan. 7 Q. (BY MR. RUKAVINA) Because of what 8 Mr. Waterhouse told you? 9 MR. MORRIS: Objection to the form of the 10 question. Asked and answered. 11 THE WITNESS: Yeah, it was my understanding 12 that these were loans. 13 Q. (BY MR. RUKAVINA) You know these 7.4- to be 14 loans even though you never heard Mr. Dondero say that 15 to you? 16 A. Yes, although to be fair, I don't know 17 whether I ever heard Mr. Dondero. It's possible he did 18 say it. 19 MR. MORRIS: Objection. Withdrawn. 20 Q. (BY MR. RUKAVINA) You have no memory that on 21 or before May 4, 2019 you heard Mr. Dondero say that 22 the \$2.4 million transfer and/or the \$5 million 23 transfer to HCMFA were loans? 24 A. I have no specific recollection, but such a 25 conversation is just off the reservation impossible.</p>
<p style="text-align: right;">90</p> <p>1 A. As we discussed, the 5-, there's absolutely 2 no construct where that can be compensation for an NAV 3 error. It's not a NAV error. It's a consent fee. 4 Highland has absolutely no responsibility for that. 5 Highland also has no responsibility for the 6 2.4-, but if you want to assume that it did, that's 7 completely not the practice. It was Jim's preference 8 to do these via loans, and that's how it was booked. 9 Q. You're saying on the one hand Mr. Dondero can 10 absolutely control that one entity make a loan to 11 another, irrespective of credit worthiness, but he 12 can't decide that a transfer is compensation as opposed 13 to a loan? 14 MR. MORRIS: Objection to the form of the 15 question. Argumentative. 16 THE WITNESS: If he wants to call 17 \$7.4 million compensation to himself or to HCMFA, I 18 just don't know how he does that. This is me being an 19 accountant. I don't know how that's possible. 20 If he wants to pay himself a \$7.4 million 21 bonus from HCMFA, fine, he has the power to do that. If 22 he wants Highland to inject 7.4 million of equity into 23 HCMFA, he has the power to do that. 24 But sending the 7.4 million and calling it 25 something else, I don't know how he could do that.</p>	<p style="text-align: right;">92</p> <p>1 That there's no way -- there's no way -- there's no way 2 that it would have been described that way and there's 3 a hundred percent that it's loan. 4 Q. Do you have any memory discussing prior -- 5 MR. MORRIS: Objection. Asked and answered. 6 He's answered this a thousand times. 7 Q. (BY MR. RUKAVINA) Do you have any memory on 8 or before May 2, 2019 discussing the \$2.4 million 9 transfer with Mr. Dondero at all? 10 A. I do recall, I don't remember the time, but I 11 do remember discussing the NAV error in general terms 12 and the potential magnitude of that. I don't remember 13 specifically when that occurred. 14 Q. At least in your discussion with Mr. Dondero, 15 the \$2.4 million loan or note was somehow linked to the 16 NAV error? 17 A. Linked to the NAV error is strong. It 18 related to the NAV error from the standpoint that 19 that's what Highland was loaning HCMFA the money for, 20 because HCMFA couldn't otherwise make the payment 21 itself. 22 Q. You just said Highland was loaning the money 23 for. Are you remembering now Mr. Dondero saying that 24 or are you just extrapolating? 25 A. No, I'm explaining rationally what the</p>

David Klos - October 27, 2021

<p style="text-align: right;">93</p> <p>1 situation was.</p> <p>2 Q. Do you remember on or before May 3, 2019</p> <p>3 discussing the \$5 million transfer with Mr. Dondero?</p> <p>4 A. Again, in general terms. I couldn't tell you</p> <p>5 a time period, but this was something that, between</p> <p>6 Frank and I, we had put on Jim's radar that this would</p> <p>7 be a cash need in the future. I couldn't specify</p> <p>8 specifically when that happened.</p> <p>9 Q. Okay. You have no present memory of</p> <p>10 discussing that issue with Mr. Dondero on or before</p> <p>11 May 3, 2019? It must have happened but you have no</p> <p>12 memory?</p> <p>13 MR. MORRIS: Objection to the form of the</p> <p>14 question.</p> <p>15 THE WITNESS: We discussed that there would</p> <p>16 be a consent fee payable from HCMFA. We would have</p> <p>17 discussed -- and again, I don't remember where I was,</p> <p>18 what day it was, the specifics around the conversation.</p> <p>19 But I know that we had conversations</p> <p>20 pertaining to cash, because this was a large need for --</p> <p>21 cash need for HCMFA to satisfy this, and this was an</p> <p>22 important payment.</p> <p>23 And neither HCMFA nor Highland had the</p> <p>24 wherewithal to make that payment. The only way that</p> <p>25 those could make the payment was by Jim Dondero repaying</p>	<p style="text-align: right;">95</p> <p>1 Q. So it's possible that Mr. Dondero told no one</p> <p>2 that these were loans but because y'all have been doing</p> <p>3 it this way for 10 years, that everyone, all of you</p> <p>4 CPAs, understood that it had to be a loan?</p> <p>5 MR. MORRIS: Objection to the form of the</p> <p>6 question.</p> <p>7 Q. (BY MR. RUKAVINA) My question is, is that</p> <p>8 possible?</p> <p>9 A. I really don't think it's possible. I</p> <p>10 suppose people say anything is possible. Again, two</p> <p>11 and a half years ago, I'm certain that that was the</p> <p>12 intent at the time and I'm sure it was communicated as</p> <p>13 such. I just don't have a specific recollection.</p> <p>14 MR. RUKAVINA: Thank you.</p> <p>15 I'll pass the witness.</p> <p>16 MR. MORRIS: Michael, do you have any</p> <p>17 questions?</p> <p>18 MR. AIGEN: I do. I assume you want me to</p> <p>19 start now to do my best to be done at 5:00?</p> <p>20 MR. MORRIS: Yes, please.</p> <p>21 EXAMINATION</p> <p>22 Q. (BY MR. AIGEN) Good afternoon, Mr. Klos. My</p> <p>23 name is Michael Aigen with the Stinson law firm. I</p> <p>24 represent Mr. Dondero, HCMS, and HCRE.</p> <p>25 How are you today?</p>
<p style="text-align: right;">94</p> <p>1 loans that he owed to HCMLP. So we absolutely discussed</p> <p>2 that with Jim Dondero.</p> <p>3 Q. (BY MR. RUKAVINA) And with respect to</p> <p>4 everything that we just talked about and your</p> <p>5 recollection, you still don't remember Mr. Dondero</p> <p>6 saying to you or Mr. Waterhouse one way or the other</p> <p>7 that one or both of these transfers were loans?</p> <p>8 MR. MORRIS: Objection to the form of the</p> <p>9 question. Asked and answered.</p> <p>10 THE WITNESS: Yeah, again --</p> <p>11 Q. (BY MR. RUKAVINA) Just yes or no. This is a</p> <p>12 yes-or-no question.</p> <p>13 MR. MORRIS: Let him answer the question.</p> <p>14 MR. RUKAVINA: If he'll answer the question</p> <p>15 I'll stop asking him --</p> <p>16 MR. MORRIS: He's allowed --</p> <p>17 Q. (BY MR. RUKAVINA) The answer [verbatim] is,</p> <p>18 do you remember --</p> <p>19 A. I don't remember Jim's exact words two and a</p> <p>20 half years ago in respect to authorizing these</p> <p>21 payments. So to answer your question, no, I don't</p> <p>22 specifically remember him saying these are loans.</p> <p>23 But every other fact around this tells me</p> <p>24 that we did have that conversation and that was the</p> <p>25 conclusion and that was the direction.</p>	<p style="text-align: right;">96</p> <p>1 A. I'm very good, thank you.</p> <p>2 Q. First topic I wanted to ask you about is the</p> <p>3 defense raised by some of the defendants related to an</p> <p>4 oral agreement and condition subsequent.</p> <p>5 So my question for you generally is, are you</p> <p>6 aware that some of the defendants in these proceedings</p> <p>7 have raised a defense that there was a subsequent oral</p> <p>8 agreement allowing notes to be potentially forgiven if</p> <p>9 certain events occur?</p> <p>10 A. Yeah, I'm generally aware of the defenses</p> <p>11 sitting here today.</p> <p>12 Q. And how are you generally aware of this</p> <p>13 defense?</p> <p>14 A. I don't know with specificity. Potentially</p> <p>15 through just document flow on the bankruptcy side,</p> <p>16 potentially with conversations internally or with</p> <p>17 counsel. But I generally understand them to have been</p> <p>18 raised, the defenses that is.</p> <p>19 Q. And I don't want to get into conversations</p> <p>20 with counsel. I'm not allowed to do that.</p> <p>21 Let me ask you, have you had any</p> <p>22 conversations with anyone other than counsel about this</p> <p>23 subsequent oral agreement defense?</p> <p>24 A. I have had general conversations with</p> <p>25 Mr. Seery about it. And other than that, nothing</p>

David Klos - October 27, 2021

<p style="text-align: right;">97</p> <p>1 substantive.</p> <p>2 Q. And what did you discuss about this with</p> <p>3 Mr. Seery?</p> <p>4 A. I've discussed with him, I hate to phrase it</p> <p>5 this way, the ridiculousness of the defense. Under</p> <p>6 oath. I've discussed my general understanding of what</p> <p>7 is being asserted as a defense.</p> <p>8 Which is that there was some sort of an oral</p> <p>9 agreement between Jim and his sister at some point in</p> <p>10 the past pertaining to forgiveness of certain</p> <p>11 promissory notes that was conditional upon Highland</p> <p>12 monetizing any of three PE assets for any amount above</p> <p>13 cost.</p> <p>14 Q. And is it fair to say that prior to these</p> <p>15 lawsuits being brought, you weren't aware of any oral</p> <p>16 agreements related to the promissory notes related to</p> <p>17 potential forgiveness?</p> <p>18 A. That's correct. Not that I can remember, and</p> <p>19 I think I would remember.</p> <p>20 Q. And other than your conversations with</p> <p>21 Mr. Seery and counsel, you haven't had any</p> <p>22 conversations with anyone else about these alleged oral</p> <p>23 agreements; is that fair to say?</p> <p>24 A. I'm not sure I understand the question.</p> <p>25 Q. You told me you may have had questions with</p>	<p style="text-align: right;">99</p> <p>1 Q. Is it fair to say that if those payments were</p> <p>2 to be made, it would have been Ms. Hendrix that would</p> <p>3 have gone and effectuated those payments?</p> <p>4 MR. MORRIS: Objection to the form of the</p> <p>5 question.</p> <p>6 THE WITNESS: Can you remind me the entities</p> <p>7 again.</p> <p>8 Q. (BY MR. AIGEN) Sorry. HCMS and HCRE</p> <p>9 Partners.</p> <p>10 A. HCMS, yes. HCRE, I'm not sure, maybe.</p> <p>11 Q. Why might it have been different?</p> <p>12 A. I just don't recall who had the, you know,</p> <p>13 kind of bank access to effectuate that payment. I</p> <p>14 think Kristin did but I'm not certain.</p> <p>15 Q. It wouldn't have been you; is that fair to</p> <p>16 say?</p> <p>17 A. Correct. It would not have been me.</p> <p>18 Q. And if Ms. Hendrix testified that the</p> <p>19 instruction she received in December 2020 about not</p> <p>20 making payments related only to the Advisors and not to</p> <p>21 HMS or HCRE, would you have any reason to disagree with</p> <p>22 her?</p> <p>23 MR. MORRIS: Objection to the form of the</p> <p>24 question.</p> <p>25 THE WITNESS: Yeah, I was struggling with</p>
<p style="text-align: right;">98</p> <p>1 counsel about these oral agreements defense, and you</p> <p>2 told me about conversations with Mr. Seery, so I'm</p> <p>3 trying to close that topic.</p> <p>4 Was there anyone else you had any</p> <p>5 conversations with about this alleged oral agreement?</p> <p>6 A. Like I said before, nothing of substance.</p> <p>7 I've probably mentioned it in passing to other</p> <p>8 employees, this is what I understand is being asserted</p> <p>9 in this, but nothing of substance.</p> <p>10 Q. Do you have any personal knowledge as to</p> <p>11 whether Mr. Dondero or Ms. Dondero entered into any</p> <p>12 type of oral agreement prior to the bankruptcy?</p> <p>13 A. No, not other than what's been pled, or</p> <p>14 whatever the terminology is.</p> <p>15 Q. I want to talk a little bit about, you</p> <p>16 touched on earlier, you gave some testimony about how</p> <p>17 in -- there were certain term loans that had payments</p> <p>18 due in December or on or about December 31, 2020.</p> <p>19 Do you remember talking about that?</p> <p>20 A. Yeah, generally.</p> <p>21 Q. And I don't know if you're specifically</p> <p>22 referring to these loans, but is it also your</p> <p>23 understanding that HCMS and HCRE also had payments that</p> <p>24 were due on December 31, 2020?</p> <p>25 A. Yes.</p>	<p style="text-align: right;">100</p> <p>1 that question. There was a lot to it. If you don't</p> <p>2 mind.</p> <p>3 Q. (BY MR. AIGEN) Okay. I'll repeat it. Maybe</p> <p>4 that will help.</p> <p>5 MR. MORRIS: Why don't you ask him about his</p> <p>6 knowledge, instead of Kristin's. You had her as a</p> <p>7 witness.</p> <p>8 I'll continue to object. I don't know why</p> <p>9 you're asking him about her knowledge.</p> <p>10 MR. AIGEN: Do you want to keep coaching him?</p> <p>11 MR. MORRIS: No, I'm trying to coach you.</p> <p>12 MR. AIGEN: Oh, thanks. That's good.</p> <p>13 Appreciate if you stop coaching your witness.</p> <p>14 Q. (BY MR. AIGEN) If Ms. Hendrix testified that</p> <p>15 the instructions she received in December 2020</p> <p>16 regarding not making any more payments related only to</p> <p>17 the Advisors and not to HMS or HCRE, would you have any</p> <p>18 reason to disagree with her?</p> <p>19 MR. MORRIS: Objection to the form of the</p> <p>20 question.</p> <p>21 THE WITNESS: I have no reason to question</p> <p>22 Kristin's testimony. I'm sure she gave truthful</p> <p>23 testimony.</p> <p>24 Q. (BY MR. AIGEN) Are you aware or not of</p> <p>25 whether Ms. Hendrix was told by Mr. Waterhouse not to</p>

David Klos - October 27, 2021

<p style="text-align: right;">101</p> <p>1 make payments from certain entities in December of 2 2020? 3 MR. MORRIS: Objection to the form of the 4 question. 5 THE WITNESS: Yeah, I'm aware, and I think I 6 spoke to that earlier of the instruction that had come 7 down from Dondero through Frank to Kristin, and I was 8 certainly aware of it. 9 And I'm -- and I think I spoke to the fact 10 that, you know, certainly hearing it from a person who, 11 as I said before, wasn't really on the team at that 12 point, it was certainly my understanding that that was a 13 global instruction at the time. 14 Q. (BY MR. AIGEN) And I want to get into what 15 was actually said and what you remember, so let me ask 16 you this. 17 This instruction that came down started from 18 Jim and went to Frank. Is that your understanding? 19 A. That's my understanding. 20 Q. You weren't there during that discussion I 21 assume; is that correct? 22 A. Correct, I was not. 23 Q. And then Frank gave an instruction to 24 Kristin; is that your recollection? 25 MR. MORRIS: Objection to the form of the</p>	<p style="text-align: right;">103</p> <p>1 Q. When you say it was conveyed to you, are you 2 talking about subsequent discussions that you had with 3 Ms. Hendrix and Mr. Waterhouse after they talked to 4 each other? 5 A. Yes. 6 Q. Sitting here today, can you tell me for sure 7 that one of them told you that this instruction related 8 to all of the entities, as opposed to just the 9 Advisors? 10 A. No, I can't say that with certainty, but I 11 think that that was the case. But, again, I can't say 12 with certainty. 13 Q. Would you defer to Mr. Waterhouse and 14 Ms. Hendrix over what the specific instructions were? 15 MR. MORRIS: Objection to the form of the 16 question. 17 THE WITNESS: Like I said, I wasn't part of 18 the conversation, so I would defer to people who 19 received the directions more directly. 20 Q. (BY MR. AIGEN) And you're not aware of 21 anything in writing or anything that reflects these 22 instructions on whether to pay or not to pay certain 23 payments in December of 2020? 24 A. No, I'm not aware of anything in writing. 25 Q. And let's change topics for a second here.</p>
<p style="text-align: right;">102</p> <p>1 question. 2 THE WITNESS: Yeah, it's my understanding 3 that Frank informed Kristin of that instruction. 4 Q. (BY MR. AIGEN) Were you there when Frank 5 provided this instruction to Kristin? 6 A. I don't believe I was. 7 Q. Then can I ask, how did you become aware that 8 Frank had given this instruction to Kristin? 9 A. Through subsequent conversations with Frank 10 and Kristin. As I said before, I don't recall if it 11 was the three of us or me and Frank or me and Kristin. 12 But subsequent conversations. 13 Q. Are we talking about conversations back in 14 2020 or after the bankruptcy? 15 MR. MORRIS: Objection to the form of the 16 question. 17 THE WITNESS: During 2020, December of 2020. 18 Q. (BY MR. AIGEN) Sitting here today, can you 19 say with a hundred percent certainty that the 20 instruction related to all of the entities as opposed 21 to just Advisors? 22 A. So as you pointed out, I was not party to the 23 direction, so I have no way of knowing with any sort of 24 specificity what the direction actually was. I just 25 know how it was conveyed to me and how I understood it.</p>	<p style="text-align: right;">104</p> <p>1 I want to throw out a term. Are you familiar 2 with the term "NAV ratio trigger period" as it was used 3 in -- 4 A. In a very, very general sense, yes. 5 Q. And in a general sense what does that term 6 mean to you? 7 A. It's a term I recognize from the limited 8 partnership agreement of HCMLP. It's a defined term in 9 that agreement. 10 Q. To your knowledge, was the NAV ratio trigger 11 period ever reached or triggered prior to the Highland 12 bankruptcy? 13 A. I don't know the definition, so I don't know 14 based on the definition whether it had or hadn't. 15 Q. Sitting here today, though, it's not your 16 belief, based on your experience, that it was 17 triggered; is that fair to say? 18 MR. MORRIS: Objection to the form of the 19 question. 20 THE WITNESS: I don't know the consequence of 21 being in a trigger period, I guess is what -- how I'm 22 trying to answer your question. 23 Q. (BY MR. AIGEN) Have you ever had any 24 conversations with Nancy Dondero? 25 A. Yes.</p>

David Klos - October 27, 2021

<p style="text-align: right;">105</p> <p>1 Q. Generally, how many and what was the 2 reasoning? 3 A. Probably less than five. I think maybe only 4 one or two that I can really remember. 5 Q. At a high level what were those conversations 6 about? 7 A. From my recollection of my conversations with 8 her, they pertained to the DRIP, which is a dividend 9 reinvestment program that I helped. 10 Q. And approximately when were these 11 conversations? 12 A. I don't know. Sometime between 2017 and 13 probably 2019. I couldn't tell you with any 14 specificity. These were very informal. 15 Q. Fair to say that you've never had any 16 conversations with Nancy Dondero about any of the loans 17 at issue in this case? 18 A. No, no, no, I've never had a conversation 19 with her like that. 20 Q. And fair to say that you've never had any 21 conversations with Nancy Dondero about compensation for 22 Jim or any other officers at Highland? 23 A. Correct. 24 MR. AIGEN: Why don't we go off the record 25 for two minutes. I think I'm either done or about</p>	<p style="text-align: right;">107</p> <p>1 Can you just generally explain to me what 2 services Highland Capital Management provided for 3 HCMS and HCRE? 4 A. For HCMS -- I do need to separate these a 5 little bit. For HCMS, really full-service accounting, 6 tax, treasury, cash payments. I said tax. Valuation. 7 Nothing personnel-wise because they didn't have any 8 employees. 9 That's all I can think of right off the top 10 of my head, but I could be missing some. 11 Q. And what about HCRE? How is that different? 12 A. Similar, except different types of assets. 13 So more real estate, so less heavy. 14 Maybe not necessarily differences in terms of 15 the types of services, but services would have, I'd 16 say, more cash activity, more variety of investments, 17 which triggers different types of activities going on 18 at those entities. 19 But similar in terms of tax operations, 20 making payments. HCRE didn't have employees, so no 21 payroll. So these would be the broad areas that I 22 would think about. 23 Q. And you mentioned making payments. Would one 24 of those services that Highland provided for these two 25 entities include making loan payments on the term loans</p>
<p style="text-align: right;">106</p> <p>1 done. 2 (Off the record.) 3 Q. (BY MR. AIGEN) You understand you're still 4 under oath? 5 A. Yes. 6 Q. Are you aware of any loans that Highland has 7 made to any employees or officers that were forgiven in 8 all or in part? 9 A. Yes. 10 Q. Can you tell me who? 11 A. I don't know that this will be a complete 12 list, but there were a few employees in the kind of 13 late aughts, maybe 2010, 2011 frame. 14 Q. Do you know the names? 15 A. One was Jack Yang. Another, I'm not sure if 16 it was forgiven or not, that's why I'm hesitating, but 17 it was Tim Lawler. I think his was forgiven in part or 18 in full, but I'm not a hundred percent certain. 19 Q. And any other individuals that received loans 20 that were forgiven in part that you're aware of? 21 A. Not that I recall, but there could be others. 22 Some of this is very, very old. 23 Q. Changing topics here a little bit, I'm going 24 to combine two entities to try to speed this up. If 25 you need to separate, that's fine.</p>	<p style="text-align: right;">108</p> <p>1 like the term loans at issue in these proceedings? 2 MR. MORRIS: Objection to the form of the 3 question. 4 THE WITNESS: I think I mentioned before, I 5 couldn't remember whether or not Kristin was authorized 6 to make payments with respect to HCRE. I think she 7 probably was, but I don't know that with certainty. 8 But, you know, for services, certainly Kristin 9 and her team would be responsible for making those 10 payments, subject to the proper authorization. 11 Q. (BY MR. AIGEN) And I'm sorry if I asked this 12 before. If it wasn't Kristin for HCRE, do you have an 13 idea who it would have been? 14 A. If not Kristin, it would have been Melissa 15 Schroth. 16 Q. And how were those responsibilities split up? 17 What entities was Melissa Schroth responsible for? 18 A. Generally speaking, Melissa was more 19 responsible for entities that were really, like -- I'm 20 going to use this in the most general sense, like Jim 21 entities, Jim's trusts, Jim personally. 22 And for HCRE it was kind of in the middle. 23 When it started out it kind of was more Jim world and 24 then over time it got more complex. 25 And as entities got more complex over time</p>

David Klos - October 27, 2021

<p style="text-align: right;">109</p> <p>1 they tend to get transitioned from Melissa to corporate 2 accounting. And when they got really complex over to 3 another group of fund accountants. 4 So this is one that was, at its beginning, 5 Melissa was the, called primary accountant. And at 6 some point in time that transitioned to the corporate 7 accounting team. I can't remember when the cash 8 process kind of cut over. 9 Q. Is there a list somewhere saying Melissa is 10 responsible for these, Kristin for the others, or is it 11 just more of a pattern or matter of practice? 12 A. More of a matter of practice. If you're 13 responsible for an entity, you're responsible. If 14 you're not, then you're not. 15 MR. AIGEN: That's all the questions I have. 16 Thank you for your time. 17 THE WITNESS: Thank you. 18 EXAMINATION 19 Q. (BY MR. MORRIS) Just a few, Mr. Klos. Let's 20 pick up where Mr. Aigen left off. 21 To the best of your knowledge, did HCMS have 22 a shared services agreement with Highland? 23 A. No, it didn't that I'm aware of. 24 Q. But you described certain services that HCMLP 25 provided to HCMS; is that right?</p>	<p style="text-align: right;">111</p> <p>1 that was due at the end of the year? 2 A. Yes, we continued to track it through our 3 interest schedules and through cash. 4 Q. So in the debtor's books and records is there 5 any evidence that the payments that were made in early 6 2019 were intended to relieve NexPoint's obligation to 7 make the installment payment due at the end of the 8 year? 9 MR. RUKAVINA: Objection. Best evidence. 10 THE WITNESS: No, I don't believe so. 11 Q. (BY MR. MORRIS) Did you have a conversation 12 with anybody at any time in the year 2019 about whether 13 the payments made earlier in the year on behalf of 14 NexPoint would eliminate or suspend its obligation -- 15 withdrawn. 16 Did you have any conversation with anybody -- 17 I think I screwed up the dates. Going to have to start 18 over. 19 Let me ask better questions. 20 You looked with Mr. Rukavina at certain 21 payments that were made in early 2019 with respect to 22 the NexPoint note. 23 Do I have that right? 24 A. Yes. 25 Q. Notwithstanding those payments, did NexPoint</p>
<p style="text-align: right;">110</p> <p>1 A. Yes. 2 Q. Do you know whether HCMFA ever compensated -- 3 do you know whether HCMS ever compensated HCMLP for any 4 of those services that HCMLP provided? 5 A. No, it didn't. 6 Q. You mentioned HCRE. To the best of your 7 knowledge, did HCRE have a shared services agreement 8 with Highland Capital Management, LP? 9 A. No, it didn't. 10 Q. Did HCRE provide the services that -- 11 withdrawn. 12 Did HCMLP provide the services to HCRE that 13 you just described? 14 A. Yes. 15 Q. Did HCRE ever compensate HCMLP for any of the 16 services that HCMLP provided? 17 A. No. 18 Q. Okay. Mr. Rukavina asked you some questions 19 about payments that were made on the NexPoint loan in 20 the first half of 2019. 21 Do you remember that? 22 A. Yes, generally. 23 Q. Okay. Notwithstanding those payments, did 24 your group continue to carry on its books and records 25 NexPoint's obligation to make the installment payment</p>	<p style="text-align: right;">112</p> <p>1 make the installment payment that was due at the end of 2 2019? 3 MR. RUKAVINA: Objection. Calls for a legal 4 conclusion. 5 THE WITNESS: It did make the payment that 6 was due at the end of 2019. 7 Q. (BY MR. MORRIS) And the payment that it made 8 at the end of 2019, was that the annual installment 9 payment that was called for in the note itself? 10 MR. RUKAVINA: Objection. Legal conclusion. 11 THE WITNESS: Yes, it was a payment pursuant 12 to the note. 13 Q. (BY MR. MORRIS) Did anybody ever tell you at 14 any time prior to the commencement of this lawsuit that 15 any prior payment by or on behalf of NexPoint relieved 16 it of any obligation to pay the installment payment due 17 at the end of 2020? 18 A. No. 19 Q. And did in fact -- is it your understanding 20 that Mr. Dondero specifically authorized Highland to 21 effectuate a payment on NexPoint's behalf in mid 22 January 2021? 23 A. I don't have specific knowledge, but I know 24 that to have occurred. 25 Q. Okay. Did anybody ever tell you in 2021 --</p>

David Klos - October 27, 2021

<p style="text-align: right;">113</p> <p>1 withdrawn.</p> <p>2 Did anybody tell you in December 2020 or</p> <p>3 December -- or January 2021 that NexPoint didn't have</p> <p>4 to make the installment payment at year end 2020</p> <p>5 because of some prior prepayment?</p> <p>6 A. No.</p> <p>7 Q. Can you think of any reason -- withdrawn.</p> <p>8 Did you ever hear Mr. Dondero -- withdrawn.</p> <p>9 Did you ever see anything in writing where</p> <p>10 NexPoint ever contended, prior to February 1, 2021,</p> <p>11 that it had no obligation to make the payment due at</p> <p>12 the end of 2020 because of some prepayment issue?</p> <p>13 A. No, not that I remember.</p> <p>14 Q. Can you think of any reason why Mr. Dondero</p> <p>15 would have authorized a payment by NexPoint to HCMLP on</p> <p>16 account of the note in January of 2021 if he actually</p> <p>17 believed at that time that no obligation was due</p> <p>18 because of a prior prepayment?</p> <p>19 MR. RUKAVINA: Objection. Speculation, lacks</p> <p>20 foundation.</p> <p>21 THE WITNESS: No.</p> <p>22 Q. (BY MR. MORRIS) Does it make any sense to</p> <p>23 you as an accountant that you would pay a seven-figure</p> <p>24 sum of money that you didn't think was due and owing?</p> <p>25 A. No, that does not make sense to me.</p>	<p style="text-align: right;">115</p> <p>1 Q. And you sent it to the corporate accounting</p> <p>2 email group; is that right?</p> <p>3 A. I did.</p> <p>4 Q. And to the best of your recollection, was</p> <p>5 Mr. Waterhouse included in that email group?</p> <p>6 A. Yes, absolutely.</p> <p>7 Q. And did you instruct the corporate accounting</p> <p>8 team to transfer \$2.4 million from HCMLP to HCMFA on</p> <p>9 May 2, 2019?</p> <p>10 A. Yes, specifically Blair, but yes, for the</p> <p>11 team as well.</p> <p>12 Q. The whole team was aware of this?</p> <p>13 A. The whole team is on the email, and I'm</p> <p>14 sending to Blair, who is the AP person, to please set</p> <p>15 up the payment.</p> <p>16 Q. Is it fair to say that you're being</p> <p>17 completely transparent here by including the entire</p> <p>18 corporate accounting group on this email?</p> <p>19 A. Yes.</p> <p>20 Q. And did you tell the entire corporate</p> <p>21 accounting group that this transaction would be a,</p> <p>22 quote, new interco loan?</p> <p>23 A. Yes, that's what the email says.</p> <p>24 Q. Do you have any reason to believe that</p> <p>25 Mr. Waterhouse didn't get this?</p>
<p style="text-align: right;">114</p> <p>1 Q. Can you get Exhibit 13, please.</p> <p>2 A. Got it.</p> <p>3 Q. You were asked some questions about</p> <p>4 paragraph 3.</p> <p>5 Do you see that?</p> <p>6 A. Yes.</p> <p>7 Q. Does paragraph 3 mention annual installment</p> <p>8 payments at all?</p> <p>9 A. No, I'm not seeing it.</p> <p>10 Q. Does paragraph 3 state in any way that a</p> <p>11 prepayment as described in that paragraph would relieve</p> <p>12 the maker of the obligation to make annual installment</p> <p>13 payments?</p> <p>14 A. No.</p> <p>15 Q. Can you turn to the next page and look at</p> <p>16 paragraph 5.</p> <p>17 Are you familiar with that paragraph at all?</p> <p>18 A. No. I mean, I've seen it before, but this</p> <p>19 is, as I said before, this is a provision that probably</p> <p>20 would have been in most, if not all, of these types of</p> <p>21 notes.</p> <p>22 Q. Can you get Exhibit 3, please. This is your</p> <p>23 email dated May 2, 2019.</p> <p>24 Do I have that right?</p> <p>25 A. Yes.</p>	<p style="text-align: right;">116</p> <p>1 A. No, he got this.</p> <p>2 Q. And did Mr. Waterhouse tell you at any time</p> <p>3 in the history of the world that this \$2.4 million</p> <p>4 should not have been booked as a loan?</p> <p>5 A. No.</p> <p>6 Q. Did Mr. Dondero tell you at any moment in the</p> <p>7 history of the world that this transaction should not</p> <p>8 have been booked as a loan?</p> <p>9 A. No.</p> <p>10 Q. You mentioned that there was an audit that</p> <p>11 followed shortly thereafter?</p> <p>12 A. Yes.</p> <p>13 Q. Are you familiar with the debtor's audited</p> <p>14 financial statements for the period ending 2018?</p> <p>15 A. Yes, generally. Not total recall, but yes.</p> <p>16 Q. Are you aware that this loan was included as</p> <p>17 a subsequent event in the debtor's audited financial</p> <p>18 statements?</p> <p>19 A. Yes.</p> <p>20 MR. RUKAVINA: Objection. Best evidence.</p> <p>21 Q. (BY MR. MORRIS) Did Mr. Dondero or</p> <p>22 Mr. Waterhouse or anybody ever tell you that the debtor</p> <p>23 should not have included this \$2.4 million loan in its</p> <p>24 audited financial statements?</p> <p>25 MR. RUKAVINA: Objection. Best evidence.</p>

David Klos - October 27, 2021

<p style="text-align: right;">117</p> <p>1 THE WITNESS: No.</p> <p>2 Q. (BY MR. MORRIS) Okay. And the next day</p> <p>3 there was another loan; right?</p> <p>4 A. Yes.</p> <p>5 Q. I'm going to show you here a document that's</p> <p>6 been produced.</p> <p>7 MR. RUKAVINA: Would you email it to me and I</p> <p>8 can print it out for the court reporter.</p> <p>9 MR. MORRIS: You want to come over here and</p> <p>10 look --</p> <p>11 MR. RUKAVINA: I know it. I'm just thinking</p> <p>12 that we can append it to the record right now.</p> <p>13 MR. MORRIS: It's eight pages, so it's part</p> <p>14 of a whole production.</p> <p>15 MR. RUKAVINA: But it's just one email?</p> <p>16 MR. MORRIS: Just one email that I'm talking</p> <p>17 about. So we're looking at Bates stamp D-CNL003763.</p> <p>18 And I'll email it to you when we're done here.</p> <p>19 And you're welcome to come over here if you'd like to</p> <p>20 see it.</p> <p>21 Q. (BY MR. MORRIS) Mr. Klos, can you take a</p> <p>22 look at the email that I have on my screen.</p> <p>23 A. Yes.</p> <p>24 Q. And do you see that it's an email from</p> <p>25 Kristin Hendrix to the corporate accounting group on</p>	<p style="text-align: right;">119</p> <p>1 A. No.</p> <p>2 Q. Did anybody in the history of the world ever</p> <p>3 raise a question to you as to whether or not Kristin</p> <p>4 was authorized to paper the loan, as she describes it</p> <p>5 in this particular email?</p> <p>6 A. No.</p> <p>7 Q. Do you know if this \$5 million loan was also</p> <p>8 included in the debtor's audited financial statements?</p> <p>9 MR. RUKAVINA: Objection. Best evidence.</p> <p>10 THE WITNESS: Yes. Again, subsequent event.</p> <p>11 Q. (BY MR. MORRIS) Okay. And did anybody in</p> <p>12 the history of the world ever tell you that Highland</p> <p>13 should not have included as a subsequent event in its</p> <p>14 2018 audited financial statement this \$5 million loan?</p> <p>15 A. No.</p> <p>16 MR. RUKAVINA: Objection. Best evidence.</p> <p>17 THE WITNESS: No.</p> <p>18 Q. (BY MR. MORRIS) Do you know if HCMFA had its</p> <p>19 financial statements audited?</p> <p>20 A. It did.</p> <p>21 Q. And are you generally familiar with those</p> <p>22 financial statements?</p> <p>23 A. Yes.</p> <p>24 Q. Are you aware that these two loans totaling</p> <p>25 \$7.4 million were included in HCMFA's audited financial</p>
<p style="text-align: right;">118</p> <p>1 Friday, May 3?</p> <p>2 A. Yes.</p> <p>3 Q. And were you also included in the corporate</p> <p>4 accounting email string?</p> <p>5 A. Yes.</p> <p>6 Q. Can you read the email out loud, please.</p> <p>7 A. It says, Blair, please set up a wire from</p> <p>8 HCMLP to HCMFA for 5 million as a new loan,</p> <p>9 parentheses, 4.4 million should be coming in from Jim</p> <p>10 soon. Hayley, please add this to your loan tracker. I</p> <p>11 will paper the loan.</p> <p>12 Q. So based on that email, did you understand on</p> <p>13 May 3 that HCMLP was going to loan \$5 million to HCMFA?</p> <p>14 A. Yes, HCMFA.</p> <p>15 Q. And did you understand that Kristin</p> <p>16 specifically told the corporate accounting group that</p> <p>17 she would take responsibility for papering the loan?</p> <p>18 A. Yes, that's what she says.</p> <p>19 Q. Do you recall whether Mr. Waterhouse ever</p> <p>20 objected to any aspect of Kristin's email?</p> <p>21 A. He didn't.</p> <p>22 Q. Do you recall in the history of the world</p> <p>23 whether Mr. Waterhouse ever told you that this</p> <p>24 \$5 million transaction should not have been booked as a</p> <p>25 loan?</p>	<p style="text-align: right;">120</p> <p>1 statements as a subsequent event for the period ended</p> <p>2 December 31, 2018?</p> <p>3 A. Yes.</p> <p>4 MR. RUKAVINA: Objection. Best evidence.</p> <p>5 Q. (BY MR. MORRIS) Did anybody in the history</p> <p>6 of the world ever tell you that HCMFA should not have</p> <p>7 included as a subsequent event the borrowing of the</p> <p>8 money reflected in these loans?</p> <p>9 MR. RUKAVINA: Objection. Best evidence.</p> <p>10 THE WITNESS: No, no one said that.</p> <p>11 Q. (BY MR. MORRIS) Do you know if HCMFA</p> <p>12 included these loans as a liability on its balance</p> <p>13 sheet?</p> <p>14 A. It did.</p> <p>15 MR. RUKAVINA: Objection. Move to strike.</p> <p>16 Best evidence.</p> <p>17 Q. (BY MR. MORRIS) Did anyone in the history of</p> <p>18 the world ever tell you that HCMFA should not have</p> <p>19 included these loans as a liability on its balance</p> <p>20 sheet?</p> <p>21 MR. RUKAVINA: Objection. Best evidence.</p> <p>22 THE WITNESS: No.</p> <p>23 Q. (BY MR. MORRIS) Okay. Do you recall that in</p> <p>24 October of 2020 HCMFA and NexPoint made a report to the</p> <p>25 retail board?</p>

David Klos - October 27, 2021

<p style="text-align: right;">121</p> <p>1 A. Yes.</p> <p>2 Q. And are you aware that that's part of the</p> <p>3 annual review process?</p> <p>4 A. Yes, it's the 15(c) process.</p> <p>5 Q. By the way, as we're talking about these</p> <p>6 issues, did Mr. Waterhouse have -- was he an officer of</p> <p>7 HCMFA in 2019 and 2020?</p> <p>8 A. Yes.</p> <p>9 Q. And what's your understanding as to the</p> <p>10 office he held?</p> <p>11 A. Treasurer, I believe.</p> <p>12 Q. And do you know if Mr. Dondero held an</p> <p>13 officer position with respect to each of the Advisors?</p> <p>14 A. He did.</p> <p>15 Q. What position did he hold?</p> <p>16 A. I don't recall with certainty, but I believe</p> <p>17 president.</p> <p>18 Q. As officers of those two entities, do you</p> <p>19 have any knowledge as to whether they participated in</p> <p>20 the communications with the retail board in the fall of</p> <p>21 2020?</p> <p>22 A. I believe Jim and Frank both did.</p> <p>23 Q. And do you know whether the retail board</p> <p>24 asked the Advisors for a report on all obligations due</p> <p>25 and owing to HCMLP and affiliates?</p>	<p style="text-align: right;">123</p> <p>1 A. Not that I'm aware of.</p> <p>2 Q. You referred to a couple of loans that were</p> <p>3 given to individuals earlier.</p> <p>4 Do you remember that?</p> <p>5 A. Yes.</p> <p>6 Q. What's the biggest loan that you can recall</p> <p>7 Highland ever forgiving?</p> <p>8 A. The largest one that I can remember was</p> <p>9 a half-million dollars, 500,000.</p> <p>10 Q. So you have no knowledge of any loan ever</p> <p>11 being forgiven where the principal amount forgiven</p> <p>12 exceeded \$500,000; is that right?</p> <p>13 A. Not that I'm aware of.</p> <p>14 Q. And when is the last loan that Highland</p> <p>15 forgave in whole or in part to one of its officers or</p> <p>16 employees that you can recall?</p> <p>17 A. I don't know a specific year, but it would</p> <p>18 have been in the 2010, 2011 time frame. Maybe 2012,</p> <p>19 but I suspect '10 or '11.</p> <p>20 Q. So is it fair to say to the best of your</p> <p>21 recollection and knowledge that Highland did not</p> <p>22 forgive a single loan made to an officer or employee</p> <p>23 for at least seven years prior to the petition date?</p> <p>24 A. There's none that I can think of.</p> <p>25 Q. Let's just turn our attention to</p>
<p style="text-align: right;">122</p> <p>1 A. They asked for financials, I believe as of</p> <p>2 6/30 as part of that process.</p> <p>3 Q. And are you aware as to whether or not the</p> <p>4 financials that were provided to the retail board</p> <p>5 included, among other things, the \$7.4 million in notes</p> <p>6 that were -- that we're talking about here?</p> <p>7 A. Yes, those financials would have included</p> <p>8 those amounts as liabilities to HCMLP.</p> <p>9 Q. Did Mr. Dondero or Mr. Waterhouse ever tell</p> <p>10 you or anybody to your knowledge that the Advisors</p> <p>11 should not have told the retail boards that they were</p> <p>12 obligated to pay under those two notes?</p> <p>13 A. No.</p> <p>14 Q. Let's talk about loan forgiveness for a</p> <p>15 moment.</p> <p>16 How long have you been with the company?</p> <p>17 A. March of 2009.</p> <p>18 Q. At any time since you've been employed by</p> <p>19 Highland, has Highland ever forgiven a promissory note</p> <p>20 that it held where the maker was a corporate affiliate?</p> <p>21 A. Not that I can recall.</p> <p>22 Q. Have you ever heard prior -- has anybody ever</p> <p>23 told you that before you joined the company, Highland</p> <p>24 had ever forgiven in whole or in part any note that it</p> <p>25 held where the maker was a corporate affiliate?</p>	<p style="text-align: right;">124</p> <p>1 December 2020.</p> <p>2 Do you recall that you testified at length</p> <p>3 about your understanding of the conversations with</p> <p>4 Mr. Waterhouse and Ms. Hendrix?</p> <p>5 Do you remember that?</p> <p>6 A. Yes.</p> <p>7 Q. Okay. Are you aware of any instruction ever</p> <p>8 made by Mr. Dondero or Mr. Waterhouse in November or</p> <p>9 December 2020 in order to make the payments that were</p> <p>10 due under the three term notes -- withdrawn.</p> <p>11 There were three term notes that were due --</p> <p>12 withdrawn.</p> <p>13 There are three term notes at issue in this</p> <p>14 case. Do you understand that?</p> <p>15 A. Yeah, that's my understanding.</p> <p>16 Q. And one of them was issued by NexBank; is</p> <p>17 that right?</p> <p>18 A. NexPoint Advisors.</p> <p>19 Q. Thank you for the clarification.</p> <p>20 One was by HCRE?</p> <p>21 A. Correct.</p> <p>22 Q. And one was from HCMS; do I have that right?</p> <p>23 A. Yes.</p> <p>24 Q. And all three of those notes were executed as</p> <p>25 of May 31, 2017; right?</p>

David Klos - October 27, 2021

<p style="text-align: right;">125</p> <p>1 A. Yeah, that was the effective date on all 2 three. 3 Q. And they all rolled up previously outstanding 4 notes that were due and payable to Highland. 5 Do I have that right? 6 A. Correct. To the best of my recollection. 7 Q. So we'll refer to those notes as the term 8 notes. Is that okay? 9 A. Sure. 10 Q. Do you have any knowledge that Mr. Dondero or 11 Mr. Waterhouse ever instructed HCMLP to make the 12 installment payments that were due at the end of 2020 13 with respect to any of those term notes? 14 A. No, I don't believe they provided that 15 instruction to make those payments. 16 MR. RUKAVINA: Objection. Move to strike. 17 Lacks foundation. 18 MR. MORRIS: I'm asking him if he ever heard. 19 MR. RUKAVINA: But he answered a different 20 question. He answered a different question. 21 Q. (BY MR. MORRIS) Did you ever see anything in 22 writing where either Mr. Dondero or Mr. Waterhouse 23 directed HCMLP to make the annual installment payments 24 that were due at the end of 2020 with respect to any of 25 the term notes?</p>	<p style="text-align: right;">127</p> <p>1 FURTHER EXAMINATION 2 Q. (BY MR. RUKAVINA) Go to Exhibit 16, please, 3 1-6. 4 A. Sure. 5 Q. Sir, this is an email string regarding that 6 Rule 15(c) that you were talking about. I'm just going 7 to ask you about the top email, but you're welcome to 8 read the whole. 9 A. Uh-huh. 10 Q. You're copied on Mr. Waterhouse's email there 11 October 6, 2020; right? 12 A. Yes, I'm on the email. 13 Q. And Mr. Waterhouse writes, the HCMFA note is 14 a demand note. You would have read that; right? 15 A. Yes. 16 Q. Did you ever correct Mr. Waterhouse when he 17 says the HCMFA note, as opposed to notes? 18 A. No, that's not something I would have 19 corrected from Frank. 20 Q. Do you recall right now that you might have, 21 when you read this, realized that he made a mistake? 22 A. It would have been such a de minimus, 23 inconsequential mistake that I don't know that I would 24 have addressed it. 25 Q. What about two sentences over, there was an</p>
<p style="text-align: right;">126</p> <p>1 A. No. 2 Q. Okay. But to the best of your recollection, 3 in the 13-week forecast, those forecasts included the 4 installment payments that were due at the end of the 5 year; is that right? 6 A. They did. 7 Q. Did anybody ever tell you prior to 8 February 1, 2021, that your group had made a mistake by 9 not making the payment -- any of the payments that were 10 due under the term notes at the end of 2020? 11 A. Not that I'm aware of. 12 Q. Did anybody tell you prior to February 1, 13 2021, that the makers of the term notes expected 14 Highland to effectuate the payments that were due at 15 the end of the year without approval by Mr. Waterhouse 16 or Mr. Dondero? 17 A. No. 18 Q. Have you seen any protest in writing prior to 19 the commencement of the litigation by any of the makers 20 of the notes about a failure on the part of HCMLP to 21 perform its duties and make that payment at the end of 22 the year? 23 A. No. 24 MR. MORRIS: I have no further questions. 25 MR. RUKAVINA: I have five minutes.</p>	<p style="text-align: right;">128</p> <p>1 agreement between HCMLP and HCMFA the earliest they 2 could demand is May 2021. 3 Did you ever write to him and say that too 4 was a mistake? 5 A. I didn't write to him. 6 Q. Did you realize back then when you read it 7 that he had made a mistake? 8 A. I'm not certain. 9 Q. Did you -- and I'm not suggesting that you 10 should have. You're a busy man. But did you attach 11 any significance outside of the ordinary to this email 12 exchange? 13 MR. MORRIS: Objection to the form of the 14 question. 15 THE WITNESS: I struggle with how to answer 16 that. I saw that this note was in response to retail 17 15(c) follow-up on the Advisors. 18 At this point my role was different, where I 19 was dealing with really the retail funds primarily. So 20 the fact that I'm even on this email is somewhat 21 incidental. 22 Q. (BY MR. RUKAVINA) But surely on October 6, 23 2020 you knew that there were four HCMFA demand notes, 24 didn't you? 25 A. I'm sure I would have had access to that</p>

David Klos - October 27, 2021

<p style="text-align: right;">129</p> <p>1 information. I'm not sure that I was keeping track of 2 how many were outstanding at any given point in time. 3 Q. And surely on October 6, 2020 you knew that 4 only two of them couldn't be demanded by May of 2021, 5 didn't you? 6 A. Again, I don't know that I was even really 7 thinking about these notes at that time. 8 Q. Even though you were preparing weekly cash 9 forecasts for Mr. Seery? 10 A. I wasn't preparing a weekly cash forecast for 11 Mr. Seery. 12 Q. Going to Exhibit 13, please. Mr. Morris 13 asked you a couple questions about this. 14 A. I'm sorry, 13? 15 Q. Yes, sir. And again, that paragraph 3 that 16 talks about prepayment. 17 Can you find anything in here, sir, that says 18 that a prepayment does not relieve the maker of any 19 regularly scheduled payment? 20 A. Sorry, that's a lot to comprehend. If you 21 could ask again. 22 Q. Is there any provision that you can see here 23 that's to the effect that a prepayment will not relieve 24 the maker of any regularly scheduled payment? 25 A. I don't see that specific provision. I just</p>	<p style="text-align: right;">131</p> <p>1 Q. And Mr. Morris asked you whether you see 2 anything in here that says that a prepayment relieves 3 an annual installment. 4 Do you remember that question? 5 MR. MORRIS: Objection. That's not what I 6 asked. 7 THE WITNESS: I don't remember that question. 8 Q. (BY MR. RUKAVINA) Reading Section 2.1 and 3 9 together, what would a prepayment apply to other than 10 an annual installment? Do you have a view on that? 11 MR. MORRIS: Objection to the form of the 12 question. 13 THE WITNESS: Again, I struggle with 14 prepayment. But as I read Section 3, it would be 15 applied first to unpaid accrued interest and then to 16 unpaid principal. 17 Q. (BY MR. RUKAVINA) Have you ever in your 18 personal life prepaid a promissory note before -- have 19 you ever in your personal life prepaid a promissory 20 note prior to its maturity? 21 MR. MORRIS: Objection to the form of the 22 question. 23 THE WITNESS: I don't know. 24 Q. (BY MR. RUKAVINA) Sitting here today, with 25 your CPA, your MBA and you're a CFO of a large entity,</p>
<p style="text-align: right;">130</p> <p>1 read it for what is on the page. 2 Q. Isn't it, sir, in your experience the case 3 that a promissory note, if it intended not to relieve 4 the borrower of regularly scheduled payments would say 5 that a prepayment does not relieve the borrower of 6 regularly scheduled payments? 7 MR. MORRIS: Objection to the form of the 8 question. 9 THE WITNESS: That's a legal question. I 10 can't -- I don't know the answer. 11 Q. (BY MR. RUKAVINA) Do you remember seeing 12 promissory notes that say something like that? 13 A. Not that I can recall. 14 Q. You'd be surprised if that's what promissory 15 notes say? 16 MR. MORRIS: Objection to the form of the 17 question. 18 THE WITNESS: I don't know. 19 Q. (BY MR. RUKAVINA) And Mr. Morris asked you 20 about this. I'm trying to burn through this so the man 21 can make his plane. 22 Section 2.1 talks about 30 equal annual 23 payments, annual installments. 24 You see that? 25 A. Yes, I see that.</p>	<p style="text-align: right;">132</p> <p>1 you don't understand what a prepayment means? 2 MR. MORRIS: Objection. Argumentative. 3 I direct you not to answer. 4 You're going to have ask a different question. 5 That's an argumentative question and it's insulting. 6 MR. RUKAVINA: What's the privilege on which 7 you're directing him not to answer? 8 MR. MORRIS: I just said it's argumentative. 9 MR. RUKAVINA: I'm trying to let you get to 10 your flight. 11 MR. MORRIS: Ask a proper question. Don't 12 make this about me. 13 Q. (BY MR. RUKAVINA) You were going to answer 14 my question, sir? 15 MR. MORRIS: No, I'm directing him not to 16 answer. 17 MR. RUKAVINA: Then we'll end this deposition 18 with a motion to compel. 19 MR. MORRIS: Okay. You do that. 20 MR. RUKAVINA: I'm making a motion to compel. 21 We'll call the judge as soon as we land in New York 22 tomorrow. 23 MR. MORRIS: You have to read the whole 24 question. You can ask the question without the 25 verbiage; right?</p>

David Klos - October 27, 2021

<p style="text-align: right;">133</p> <p>1 MR. RUKAVINA: And I asked you on the basis</p> <p>2 of what privilege are you instructing your --</p> <p>3 MR. MORRIS: Argumentative.</p> <p>4 MR. RUKAVINA: That's not a privilege.</p> <p>5 MR. MORRIS: Sir, you can rephrase your</p> <p>6 question and end this right now by not being insulting</p> <p>7 to my client.</p> <p>8 Q. (BY MR. RUKAVINA) I was not trying to be</p> <p>9 insulting, sir.</p> <p>10 I'm asking you again, you do not, sitting</p> <p>11 here today, have an understanding of what the word</p> <p>12 "prepayment" for a promissory note means?</p> <p>13 MR. MORRIS: Objection to the form of the</p> <p>14 question.</p> <p>15 You can answer that one.</p> <p>16 THE WITNESS: In the context that you're</p> <p>17 asking the question --</p> <p>18 Q. (BY MR. RUKAVINA) No, I'm not asking any</p> <p>19 context. Sitting here today, do you have an</p> <p>20 understanding of what the word "prepayment" means when</p> <p>21 it comes to a borrower/lender relationship?</p> <p>22 MR. MORRIS: Objection to the form of the</p> <p>23 question.</p> <p>24 THE WITNESS: Yes, I have a general</p> <p>25 understanding.</p>	<p style="text-align: right;">135</p> <p>1 payment made prior to the time that it's due?</p> <p>2 MR. MORRIS: Objection to the form of the</p> <p>3 question.</p> <p>4 THE WITNESS: Yes, in the most general sense</p> <p>5 a prepayment, the prefix "pre" indicates that it's</p> <p>6 before some other event. So from that standpoint,</p> <p>7 prepayment means it was to some extent paid early.</p> <p>8 MR. RUKAVINA: Thank you.</p> <p>9 Pass the witness.</p> <p>10 MR. MORRIS: No further questions.</p> <p>11 Michael?</p> <p>12 MR. AIGEN: No questions.</p> <p>13 THE REPORTER: Mr. Morris, do you want a copy</p> <p>14 of the transcript?</p> <p>15 MR. MORRIS: I sure do.</p> <p>16 THE REPORTER: Mr. Aigen, do you want a copy</p> <p>17 of the transcript?</p> <p>18 MR. AIGEN: Yes, we would also like a copy.</p> <p>19 MR. MORRIS: Yeah, and I'd like that rush.</p> <p>20 (Whereupon, the deposition adjourned at</p> <p>21 5:14 P.M.)</p> <p>22 --oOo--</p> <p>23 I declare under penalty of perjury that the</p> <p>24 foregoing is true and correct. Subscribed at</p> <p>25 _____, Texas, this ____ day of</p>
<p style="text-align: right;">134</p> <p>1 Q. (BY MR. RUKAVINA) What is your</p> <p>2 understanding?</p> <p>3 A. That -- you can look at the note.</p> <p>4 Q. I'm not asking about the note. We got to go</p> <p>5 step by step.</p> <p>6 What is your general understanding as to what</p> <p>7 a prepayment means?</p> <p>8 MR. MORRIS: Objection to the form of the</p> <p>9 question.</p> <p>10 THE WITNESS: It depends on the context and</p> <p>11 it's going to depend on what the note says about</p> <p>12 prepayments. So I have a hard time answering that</p> <p>13 question.</p> <p>14 Q. (BY MR. RUKAVINA) So you would agree with me</p> <p>15 that you have to look at the note before you can answer</p> <p>16 that question?</p> <p>17 MR. MORRIS: Objection to the form of the</p> <p>18 question.</p> <p>19 THE WITNESS: I would want to look at the</p> <p>20 note before I answer the question, because prepayment</p> <p>21 is a term that can be used as a defined term or in a</p> <p>22 casual sense, and those two can sometimes get confused</p> <p>23 and misconstrued.</p> <p>24 Q. (BY MR. RUKAVINA) Would you agree with me</p> <p>25 that in any and all circumstances a prepayment is a</p>	<p style="text-align: right;">136</p> <p>1 _____, 2021.</p> <p>2</p> <p>3</p> <p>4 _____</p> <p>5 DAVID KLOS</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

David Klos - October 27, 2021

<p style="text-align: right;">137</p> <p>1 CERTIFICATE OF REPORTER 2 I, BRANDON D. COMBS, a Certified Shorthand 3 Reporter, hereby certify that the witness in the 4 foregoing deposition was by me duly sworn to tell the 5 truth, the whole truth, and nothing but the truth in the 6 within-entitled cause; 7 That said deposition was taken in shorthand by 8 me, a disinterested person, at the time and place 9 therein stated, and that the testimony of the said 10 witness was thereafter reduced to typewriting, by 11 computer, under my direction and supervision; 12 That before completion of the deposition, 13 review of the transcript was not requested. If 14 requested, any changes made by the deponent (and 15 provided to the reporter) during the period allowed are 16 appended hereto. 17 I further certify that I am not of counsel or 18 attorney for either or any of the parties to the said 19 deposition, nor in any way interested in the event of 20 this cause, and that I am not related to any of the 21 parties thereto. 22 DATED: November 1, 2021 23 24 25 _____ Brandon Combs, Certified Shorthand</p>	
<p style="text-align: right;">138</p> <p>1 State of Texas 2 Dickman Davenport, Inc. Cert 312 3 4228 North Central Expressway 4 Suite 101, Dallas, TX 75206 5 (214) 855-5100 (800) 445-9548 6 Email: info@dickmandavenport.com 7 www.dickmandavenport.com 8 My commission expires 1-31-23 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>	

David Klos - October 27, 2021

A	49:4,5,12,20,21	agent 85:16	80:21 84:14	122:10,22
ability 42:12	50:8,21 51:3	ago 19:6 34:25	97:12 123:11	126:7,12
43:21 78:2 88:8	131:15	36:20 39:21	amounts 28:24	anymore 57:1
88:10	accumulated	43:5 94:20	41:7 122:8	61:22 62:7
able 31:20 32:2	47:22	95:11	analysis 30:9	AP 115:14
above-styled	accurate 27:25	agree 8:11 47:10	53:25 54:6,9,18	apologize 9:21
1:21	85:10	47:11 51:7 77:2	55:1,8 89:13	27:22 63:11
absolutely 12:4	acknowledgment	89:19 134:14	analyst 5:17,25	66:21 77:1
16:10 77:1 80:1	87:21,22	134:24	and/or 40:12	apparatus 12:9
80:14 90:1,4,10	act 11:5	agreement 12:23	67:7 91:22	APPEARANC...
94:1 115:6	activities 107:17	84:11 96:4,8,23	annual 23:22	2:1
accepting 19:17	activity 107:16	97:9 98:5,12	80:9 112:8	appeared 2:5,12
access 99:13	actual 37:5 85:13	104:8,9 109:22	114:7,12 121:3	2:19
128:25	add 118:10	110:7 128:1	125:23 130:22	appears 49:3
account 53:20	additional 89:2	agreements 41:3	130:23 131:3	64:2
60:3 113:16	address 64:7	97:16,23 98:1	131:10	append 117:12
accountant 26:5	addressed 44:9	agrees 48:7	answer 16:23,25	appended 137:16
26:9,15,20	127:24	ahead 45:7	17:2 20:18,20	application 37:8
39:12,17 90:19	adjourned	Aigen 2:18 3:4	21:3,15 22:1	37:9,15,16
109:5 113:23	135:20	95:18,22,23	25:5 28:10	applied 39:17
accountant's	advisor 9:24 71:7	99:8 100:3,10	35:16 41:18	46:8,9 48:11,14
39:13	74:19	100:12,14,24	50:11 53:24	49:5,8 64:13,16
accountants	advisor-type 6:7	101:14 102:4	55:15,23 71:5	65:1 131:15
109:3	advisors 1:10	102:18 103:20	78:11 79:7 87:7	apply 38:24
accounted 38:6	12:14,15,17	104:23 105:24	94:13,14,17,21	131:9
45:8,11 64:23	13:3,6 27:1	106:3 108:11	104:22 128:15	Appreciate
accounting 4:16	52:19 55:1	109:15,20	130:10 132:3,7	100:13
6:5,5,11,11	60:22 65:23	135:12,16,18	132:13,16	appropriate
7:14,17,21 8:23	71:6 72:22 86:6	Akard 1:24 2:4	133:15 134:15	35:19,22
9:3,5,5,9,15,23	99:20 100:17	aleck 50:7	134:20	approval 66:14
10:12 33:22	102:21 103:9	alleged 97:22	answered 21:2	77:19,23 78:3
35:9,16,20	121:13,24	98:5	41:17 56:11	78:21 79:3
43:18 53:4	122:10 124:18	Allocation 70:25	76:19 85:21	126:15
62:10,11 70:15	128:17	74:12 75:6	91:10 92:5,6	approvals 80:9
74:22 84:2	affect 16:11,12	allow 75:4	94:9 125:19,20	approximate 6:1
107:5 109:2,7	16:20	allowed 46:13	answering	63:2
115:1,7,18,21	affiliate 39:23	81:22 82:1	134:12	approximately
117:25 118:4	122:20,25	94:16 96:20	answers 9:18	5:9 105:10
118:16	affiliated 10:21	137:15	16:10,13	April 7:13,22
accrue 49:13	34:8 35:4,11	allowing 96:8	anybody 24:13	11:16,21 88:9
accrued 38:8	36:2 61:15	amortization	60:1 80:16	areas 107:21
46:8,16,20,25	affiliates 38:5	23:16 28:1	111:12,16	argumentative
47:1,4,5,11,14	51:20 121:25	amount 15:5,15	112:13,25	90:15 132:2,5,8
47:18,19,24,25	AFR 86:7	37:5 47:22	113:2 116:22	133:3
48:4,5,7,15	afternoon 95:22	59:13 73:2	119:2,11 120:5	art 8:1 9:3 10:12

David Klos - October 27, 2021

ascertain 45:2,4	54:14	109:23 115:12	117:17	bit 7:9 12:12 14:2
asked 16:18 20:5	attach 128:10	116:16 119:24	began 5:11	30:15 33:12
21:2 30:18	attempt 87:7	121:2 122:3	beginning 109:4	39:3 48:1 98:15
41:10,17 44:10	attention 123:25	123:1,13 124:7	behalf 2:6,13,20	106:23 107:5
54:13 55:17,22	attorney 2:5,12	126:11	12:24 25:2 78:2	Blair 115:10,14
56:11 57:12,15	2:18 137:18	awfully 17:20	78:22 79:1	118:7
59:12 70:9	audit 9:25 24:6		111:13 112:15	board 120:25
76:19 84:8,17	80:4 116:10	B	112:21	121:20,23
85:21 86:10	audit-driven	back 6:14 15:19	beings 71:19	122:4
91:10 92:5 94:9	88:5	22:12 23:21,25	belief 104:16	boards 122:11
108:11 110:18	audited 116:13	36:11 40:18	believe 6:23	bold 40:25
114:3 121:24	116:17,24	49:17 51:13	15:11 16:3 17:3	bonus 14:8,9,10
122:1 129:13	119:8,14,19,25	55:16 65:12	17:8 18:2 19:23	14:19,24 15:14
130:19 131:1,6	auditor 24:3	67:4 68:25	21:13,13 22:20	18:5 90:21
133:1	auditors 24:5	82:23 83:19	23:13,19 24:16	book 33:21 34:12
asking 18:11	88:6,14	84:4 85:12	26:13 49:9 51:1	34:20
20:21 28:6	aughts 106:13	102:13 128:6	51:2 74:16	booked 32:23
38:20 56:9,13	August 42:16	back-end 15:19	77:17 78:1,7,19	33:11 34:9 35:5
61:5,7 77:13	44:13	15:21	81:8 83:1,3	35:20 36:24
83:22 94:15	authenticate 28:5	back-ended	86:25 102:6	44:23 90:8
100:9 125:18	authenticity	14:25	111:10 115:24	116:4,8 118:24
133:10,17,18	67:23	background 4:13	121:11,16,22	books 80:7
134:4	authoritative	53:2 70:5,6,7	122:1 125:14	110:24 111:4
aspect 118:20	65:1,2	backup 36:19	believed 35:10	borrow 78:22
ass 17:18	authority 36:9	bad 20:12 89:15	57:6 113:17	borrower 45:6,15
asserted 97:7	77:3,13,15 78:7	balance 49:6	beneficiaries	45:19,24 46:2
98:8	78:21,25	80:6,8 120:12	17:10,15	130:4,5
asset 15:7	authorization	120:19	benefiting 73:9	borrower/lender
assets 15:3 87:10	108:10	ballpark 85:24	best 5:25 8:3	133:21
87:12 97:12	authorize 77:4	bank 36:17 99:13	52:15,17 55:7	borrowing 120:7
107:12	authorized 40:2	bankruptcy 1:1	63:24 64:4	boss 39:13
assist 42:13	59:15 69:6,25	31:19 80:10	78:16,17 85:8	Boston 4:15 5:8
assistance 31:13	85:24 108:5	96:15 98:12	95:19 109:21	5:10
assistant 6:24 7:4	112:20 113:15	102:14 104:12	110:6 111:9	brain 32:9
7:7,10 8:8	119:4	base 14:5,7	115:4 116:20	Brandon 1:22
assisted 22:23	authorizing	based 14:11,14	116:25 119:9	137:2,25
assume 28:7 29:7	94:20	32:12 37:17	119:16 120:4,9	break 7:6
90:6 95:18	Avenue 2:11,17	46:5,7 48:12,19	120:16,21	bridge 29:22
101:21	aware 35:6 58:24	54:14 104:14	123:20 125:6	30:6
assumed 7:14	59:2,3 80:18,21	104:16 118:12	126:2	briefly 13:5
53:3	96:6,10,12	basically 6:3	better 111:19	bring 49:6
assuming 36:14	97:15 100:24	31:13 56:1 81:5	biggest 123:6	broad 9:22 35:17
36:21 41:23	101:5,8 102:7	basis 23:22 30:2	bill 74:20	61:3 107:21
64:1	103:20,24	133:1	bills 82:4,5,10,11	broader 76:8
assumptions	106:6,20	Bates 83:15	birth 4:9	broken 53:16

David Klos - October 27, 2021

brokers 10:17	88:12,17 93:7	certify 137:3,17	98:3	121:20
brought 6:4,14	93:20,21 107:6	cetera 6:1 14:20	closed-end 74:14	company 81:14
31:3,7 97:15	107:16 109:7	CFO 5:21,25	closely 62:4	122:16,23
bucks 74:25	111:3 129:8,10	8:18 48:6,21	coach 100:11	compel 132:18,20
budgeting 6:8	casual 134:22	131:25	coaching 100:10	compensate 72:8
burn 130:20	caught 62:5	chain 53:5	100:13	72:12 79:14
businesses 30:1	cause 1:21 137:6	chance 69:4	cold 46:6	89:20 110:15
busy 11:15,19	137:20	change 8:8 16:10	collect 81:17	compensated
128:10	caused 79:12	46:10 59:1	collected 81:19	17:16 110:2,3
	81:10	84:13 103:25	collectible 87:15	compensation
C	causes 82:9	changed 6:18	collecting 15:16	14:3,6,8,19
call 6:4 11:11,13	Central 138:2	39:11 84:16	81:6,6	15:14 16:4,12
38:10 63:14	Cert 138:1	changes 7:1	collection 87:25	16:16,21 17:4,8
90:16 132:21	certain 5:17	137:14	collective 52:2	17:24 18:5
called 9:24 58:21	11:13 12:21,21	Changing 106:23	college 4:15 5:6	60:18 73:8,12
59:11 70:24	13:12 23:14	characterize 54:1	column 36:25	79:25 90:2,12
74:16 88:7	33:13 38:1	76:10 87:18,19	37:7	90:17 105:21
109:5 112:9	54:14 67:21	characterized	combination	complete 15:3
calling 90:24	70:12 83:9	54:2	39:16 45:12	74:23 106:11
Calls 112:3	95:11 96:9	charge 6:15 10:3	combine 106:24	completed 15:22
capital 1:6,9 5:11	97:10 98:17	chief 7:13,17,21	Combs 1:22	15:25 16:2
6:6 8:4 13:6	99:14 101:1	8:23,23 9:3	137:2,25	74:21
23:22,23 26:19	103:22 106:18	10:12 13:20,22	come 47:12 53:7	completely 15:24
26:23 27:1 29:4	109:24 111:20	53:3	59:19 65:3,5	27:25 89:9,15
29:19 32:6,23	128:8	circumstance	76:22 101:6	90:7 115:17
35:3 37:25 71:6	certainly 6:18	51:1	117:9,19	completion
107:2 110:8	9:17 12:3 20:10	circumstances	comes 133:21	137:12
car 82:9	26:4 30:11	31:2 134:25	comfortable 88:6	complex 108:24
career 11:20	32:16 34:4	claim 81:1,9	coming 17:20	108:25 109:2
careful 17:21	35:18 37:23,24	claimant 15:16	36:13 118:9	compliance 6:8
carry 110:24	42:11 50:4 58:8	18:6	command 53:5	72:4
case 43:20 86:24	62:14 69:1	clarification	commencement	comprehend
89:18 103:11	77:13,24 86:22	124:19	112:14 126:19	129:20
105:17 124:14	101:8,10,12	clarify 11:3 12:8	comment 17:13	computer 137:11
130:2	108:8	53:1 66:18	commission	computerized
cash 9:25 23:21	certainty 29:13	75:25	138:4	1:24
23:24 25:23,24	42:19 68:18	clear 17:21 26:19	common 30:5	concept 89:16
26:7 31:9,10,12	69:8,11,24 70:2	27:11 29:14	86:5	concern 23:23
31:14,16,23	102:19 103:10	52:24 63:9	communicated	24:1,2,4 56:21
32:8,12,14	103:12 108:7	69:15,16 73:13	95:12	56:23,25 62:17
41:15,24 42:12	121:16	clearly 74:2	communicating	concerning 17:7
42:23 43:5,22	CERTIFICATE	client 133:7	53:9	63:20
43:24 44:1	137:1	clients 17:25	communication	conclude 80:25
57:25 61:25	Certified 137:2	Cliff 7:23	83:10	concluding 24:6
63:2 73:20	137:25	close 17:21 33:14	communications	conclusion 94:25

David Klos - October 27, 2021

112:4,10 condition 96:4 conditional 97:11 conduct 69:18 confer 26:4 confident 69:5 confirm 59:17 61:19 confused 41:6 134:22 confusion 11:6 conjunction 24:5 connection 24:12 26:2 consent 74:16 75:23 80:2 85:15 90:3 93:16 consented 74:17 consequence 104:20 considerations 16:1 60:10 constant 75:15 construct 90:2 consultancy 11:9 11:11 contended 113:10 context 133:16 133:19 134:10 contingent 14:11 continue 17:22 100:8 110:24 continued 111:2 continuously 6:17 29:22 contract 71:10 contracted 71:15 contradict 79:18 control 43:2 90:10 controlled 89:8 controller 6:24 6:25 7:4,4,8,8	7:10,10 8:4,8,9 8:12,15 9:11 10:10,12 12:19 13:10,17 48:6 conversation 18:22 19:9,19 43:15 51:25 70:14 91:25 93:18 94:24 103:18 105:18 111:11,16 conversations 18:23 19:11 20:2 34:11 42:6 51:25 93:19 96:16,19,22,24 97:20,22 98:2,5 102:9,12,13 104:24 105:5,7 105:11,16,21 124:3 conversion 74:15 74:17,21 converted 74:13 conveyed 102:25 103:1 coordinated 22:21 copied 127:10 copy 135:13,16 135:18 corporate 6:5,15 9:9,15 25:22 33:8 35:9,16 39:12,13,16 43:17 61:14 62:11 70:15 73:20 84:2 109:1,6 115:1,7 115:18,20 117:25 118:3 118:16 122:20 122:25 correct 5:22,23 8:19,21 9:20	16:17 40:2 42:1 45:25 51:11 61:10 64:25 68:10 69:2 82:21 88:11,17 88:23 91:2 97:18 99:17 101:21,22 105:23 124:21 125:6 127:16 135:24 corrected 127:19 correctly 5:16 51:13 62:9 cost 97:13 counsel 2:6,13,19 18:10,20,25 20:3 21:16 22:21,25 23:3 96:17,20,22 97:21 98:1 137:17 couple 61:20 87:14 123:2 129:13 course 20:3 33:19 51:9 66:12 69:18 83:22 84:4,6 court 1:1 117:8 courteous 76:24 covered 20:14 53:2 CPA 4:19,22 44:21 48:6,20 49:11 131:25 CPAs 95:4 created 80:10 credit 6:8 25:9 40:11 89:13 90:11 creditors 15:17 CSR 1:23 curiosity 59:21 current 4:25	cut 109:8 cycle 41:7 <hr/> D D 1:22 137:2 D-CNL003763 117:17 Dallas 1:3,25 2:4 2:18 4:12 5:10 138:2 damages 82:12 date 4:9 8:6 24:22 45:20 47:5,6,23 48:25 49:13,13,14 84:14 123:23 125:1 dated 114:23 137:22 dates 27:10 28:18 28:24 111:17 Davenport 138:1 David 1:14,18 4:1,6 136:5 Davor 2:5 76:22 day 29:21 32:1 34:1 59:7 74:8 93:18 117:2 135:25 day-to-day 9:17 62:6 days 59:5 76:2,7 de 127:22 dealing 29:20 128:19 debtor 26:21 32:23 38:6,22 38:23 76:16 77:3,5,8 78:2 81:1 87:14 88:16 116:22 debtor's 111:4 116:13,17 119:8 debts 89:3	December 24:20 24:23 51:10,15 51:22 53:18 54:24 56:17,22 57:6,13,17,21 58:7,9 60:20,25 61:21 63:19 98:18,18,24 99:19 100:15 101:1 102:17 103:23 113:2,3 120:2 124:1,9 decide 38:23 39:5 90:12 decided 24:9,12 24:14,15 32:7 64:22 77:18 84:25 86:1 decides 38:22 deciding 64:15 69:18 decision 27:2 30:25 86:5 decision-making 32:10 decisions 29:8 30:9,16 declare 135:23 deduction 73:9 default 58:13,17 61:14 62:18 defendants 1:11 1:20 2:6,20 96:3,6 defense 80:15 96:3,7,13,23 97:5,7 98:1 defenses 96:10 96:18 defer 103:13,18 define 47:18,20 defined 104:8 134:21 definitely 6:21 7:12 73:6
--	--	--	---	--

David Klos - October 27, 2021

definition 38:11 104:13,14	determining 89:13	31:4,7 39:21 57:18,22 58:3,4	43:7,10,16,25 51:18 52:4,7,19	113:17,24 121:24 124:10
definitive 50:11	Dickman 138:1	60:1,5,8 62:20	53:12,15,16	124:11 125:4
definitively 15:20	differed 54:10	63:1,20 92:14	54:18,24 55:9	125:12,24
degree 4:16	difference 49:7	101:20	55:17,25 56:3	126:4,10,14
degrees 4:14	76:6	discussions 19:3	56:10,15 60:21	135:1
Deloitte 5:8,8	differences	21:8 24:13	61:24 62:23	duly 1:19 4:2
demand 23:13	107:14	30:24 41:13	65:3,24 69:9,12	137:4
86:3,8 87:14	different 30:5	59:22 63:22	70:15 74:3 76:1	duties 9:12 62:6
88:15 127:14	34:15 38:21	103:2	76:13 77:2,25	126:21
128:2,23	44:11 74:9	disinterested	85:1,19 89:18	duty 25:9
demanded 129:4	77:12 99:11	137:8	90:9 91:14,17	
deny 67:22	107:11,12,17	dissimilar 14:21	91:21 92:9,14	<hr/> E <hr/>
department 9:7	125:19,20	dissuade 62:23	92:23 93:3,10	earlier 17:13
84:9	128:18 132:4	distinct 10:10	93:25 94:2,5	49:14 75:13
depend 15:15	direct 9:15 20:17	distribution 59:9	95:1,24 98:11	98:16 101:6
17:6,9 134:11	20:19 34:13	83:5	98:11 101:7	111:13 123:3
depending 31:2	78:13 132:3	DISTRICT 1:2	104:24 105:16	earliest 128:1
32:15 89:11	directed 20:22	dividend 105:8	105:21 112:20	early 51:22 54:24
depends 16:5	51:19 60:21	DIVISION 1:3	113:8,14 116:6	60:20 87:1 89:2
134:10	68:19,20,21	document 44:21	116:21 121:12	111:5,21 135:7
deponent 137:14	69:1,3 125:23	46:23 50:15	122:9 124:8	educational 4:13
deposition 1:13	directing 132:7	64:6,12 76:23	125:10,22	effect 41:14
1:18 18:9,24	132:15	76:23 79:17	126:16	62:18,21
19:16,22,24	direction 33:2	84:10 88:2	Dondero's 62:11	129:23
20:5,9,14,16	34:2 35:23	96:15 117:5	73:6 76:9 77:19	effective 125:1
21:1,7,9,12,19	54:15 55:18	documents 67:8	78:3,21 79:3,11	effectively 49:22
27:20 132:17	62:24 65:1,2	76:20	79:18	75:5
135:20 137:4,7	94:25 102:23	doing 6:5,11 9:24	double 81:5	effectuate 99:13
137:12,19	102:24 137:11	25:18 85:14	doubt 35:21 36:8	112:21 126:14
describe 8:2	directions 103:19	86:17 89:13	dozens 65:16	effectuated 99:3
54:11,13	directly 103:19	95:2	draft 24:16	eight 117:13
described 13:16	disagree 89:19	dollar 28:18 75:2	drafted 22:21	either 21:18 26:3
54:10 69:6 72:1	99:21 100:18	75:2	drafting 58:17	26:25 29:12
87:23,24 92:2	disciplinary 5:3	dollar-for-dollar	DRIP 105:8	30:16 31:10,16
109:24 110:13	disciplined 5:2	73:4	driven 42:19	35:23,25 38:8
114:11	discuss 20:4 97:2	dollars 18:1	drukavina@m...	39:12 48:19
describes 119:4	discussed 15:8	123:9	2:7	50:12 68:14
describing 33:7	21:16 90:1	Dondero 2:20	due 25:16,19	69:1,3,9 79:24
detail 54:5 58:2	93:15,17 94:1	24:11 29:15	37:12,18 47:12	84:21 86:12
determination	97:4,6	30:8,19 32:7	49:12 51:10,14	105:25 125:22
60:17	discussing 42:3	33:21 34:2,7,18	74:20 76:22	137:18
determine 38:16	65:9 77:25 92:4	38:4 39:24	98:18,24 111:1	electronically
determined	92:8,11 93:3,10	40:10 41:14	111:7 112:1,6	84:22
40:21	discussion 19:21	42:3,7,10 43:2	112:16 113:11	eliminate 111:14

David Klos - October 27, 2021

email 2:7,14,22 54:16 59:8,9 67:14,15,18,21 69:4,7 70:13,16 82:23,25 83:7 83:10,11 114:23 115:2,5 115:13,18,23 117:7,15,16,18 117:22,24 118:4,6,12,20 119:5 127:5,7 127:10,12 128:11,20 138:3 emailed 59:11 emails 80:13 employed 122:18 employee 12:23 26:17,21,24 123:22 employees 43:11 72:2 98:8 106:7 106:12 107:8 107:20 123:16 employment 78:13 ended 120:1 ensure 23:20 enter 78:25 entered 98:11 enterprise 30:1 32:18 entire 12:9 115:17,20 entities 6:7 25:24 26:16 30:6 31:11,16 34:8 61:15 65:18,22 65:22,24 99:6 101:1 102:20 103:8 106:24 107:18,25 108:17,19,21 108:25 121:18	entitled 17:23 18:10 20:4 entity 12:20 13:8 13:11,13 30:20 31:20 32:7,15 32:17 34:19 35:4,11 36:2 40:10 42:10 75:8,10 90:10 109:13 131:25 equal 86:6 130:22 equity 79:24 90:22 error 70:25 71:2 71:19,25 72:13 72:14,19 73:4 79:15 80:20 81:1,14 85:22 89:20 90:3,3 92:11,16,17,18 errors 71:9 72:20 72:21 73:16 especially 15:4 established 51:4 75:13 76:11,12 78:12 estate 107:13 estimate 11:22 et 6:1 14:20 event 116:17 119:10,13 120:1,7 135:6 137:19 events 16:20 96:9 eventually 32:2 evidence 80:14 111:5,9 116:20 116:25 119:9 119:16 120:4,9 120:16,21 evolved 6:18,21 exact 7:5,11 15:24 20:16 94:19	exactly 5:18 14:24 15:23 34:3 48:2 77:23 80:16 Examination 3:3 3:4,5,6 4:3 95:21 109:18 127:1 example 31:6,9 37:6 48:25 exceeded 87:10 123:12 exception 16:8 17:1 44:2,3 excess 41:15 exchange 128:12 exclude 18:22 exclusively 23:13 33:14,14 excruciatingly 73:13 excuse 37:1 74:25 executed 24:18 31:1 70:22 84:3 124:24 execution 22:7,13 22:20 24:23 83:21 84:19 85:6 executive 26:14 exhibit 22:4 23:8 27:9,15,23 36:12 40:20 42:17 44:13,22 46:12 48:12 49:1,10 64:2,5 67:17 68:4 82:24 83:20 114:1,22 127:2 129:12 exhibits 3:10 67:2,7 68:1 existing 7:13 23:13 expand 59:7	expect 17:12 64:12 65:4 83:12 86:21 expectation 15:1 expected 126:13 expenses 73:7 experience 5:5 37:18 38:14 46:19 49:11 104:16 130:2 expert 82:21 87:6 expertise 48:20 expires 138:4 explain 8:22 64:13 107:1 explaining 92:25 explore 12:12 express 14:19 Expressway 138:2 extended 7:12 extending 14:17 extent 31:10,12 60:24 61:8 66:10 86:23 135:7 extrapolating 92:24 <hr/> F <hr/> FA 88:7 face 71:16 facile 15:24 facilitate 25:18 31:15 facility 6:8 fact 29:6 58:23 58:23 76:14 79:21 94:23 101:9 112:19 128:20 failed 58:18 failure 126:20 fair 16:15 35:8 60:9 65:15	91:16 97:14,23 99:1,15 104:17 105:15,20 115:16 123:20 fairly 9:22 30:4,5 84:7 fall 80:10 121:20 familiar 21:23 22:5,6 28:1 67:1 82:15 104:1 114:17 116:13 119:21 far 5:1 24:15 37:5 58:23 62:6 84:11 87:9 fault 81:10 faulty 43:3 February 80:19 113:10 126:8 126:12 fee 74:16,18 75:23 80:2 85:15 90:3 93:16 feel 54:5 69:5 feels 35:17 82:22 fight 53:17 file 80:11 final 30:9 financial 8:23 13:20,22 87:20 116:14,17,24 119:8,14,19,22 119:25 financials 122:1 122:4,7 find 26:13 31:15 67:14 129:17 fine 21:10 39:3 90:21 106:25 FINRA 4:21 firm 95:23 first 4:2 37:2,4 42:22 46:14 48:14 49:5 50:7
---	--	--	--	--

David Klos - October 27, 2021

72:14,19,19	33:24 34:21	30:15,17 35:23	93:7	105:24 127:2
75:14 96:2	35:13 36:4	35:25 36:10		134:4
110:20 131:15	37:20 38:17,25	44:7 52:1 53:7	G	goes 28:9 40:18
five 105:3 126:25	39:7 40:3,14	53:8 54:15 55:9	gearing 53:17	87:9
flag 10:4	42:24 43:19	60:20 61:14	gears 65:8	going 14:2 15:5,6
flavoring 63:14	44:16,24 45:9	68:14,14 69:1,3	general 18:13,15	16:9,12,15,19
flight 132:10	45:17 46:21	70:13,14 77:13	19:9,10 20:11	17:5 20:19
flip 37:1	47:8,15 48:8,22	77:15 80:12,13	20:13 32:20	28:17 32:10
flipped 9:20	49:15 50:13	93:6 101:7,18	33:19 61:4	36:11,12 42:22
Floor 1:25 2:11	51:5 52:21	101:23 102:3,4	92:11 93:4	46:11 49:13
flow 23:21,25	53:22 54:7 55:3	102:8,9,11	96:24 97:6	55:16 57:11,14
26:7 88:17	55:12,19 57:8	121:22 127:19	104:4,5 108:20	62:18 65:8,9,10
96:15	60:12 61:1 63:5	Frank's 39:18	133:24 134:6	65:12 68:1 70:5
focus 8:14 65:10	64:9 65:19,25	Frankly 48:10	135:4	74:22 79:9
focused 6:7	66:7,15 69:20	fraud 81:5	generally 19:25	82:23 83:11,19
follow 16:18	71:3,12,20	frequent 84:1	27:24 30:4	88:7 89:20
follow-up 128:17	76:18 77:6,20	Friday 118:1	32:21 38:4,4	106:23 107:17
followed 116:11	77:23 78:4,23	front 10:17 44:8	40:2,11,16	108:20 111:17
follows 4:2	79:5,19 81:2,11	67:20 68:5 72:3	42:15 45:8	117:5 118:13
forecast 126:3	81:23 82:6,13	full 57:3 106:18	77:22 96:5,10	127:6 129:12
129:10	84:11,12 87:3	full-service 107:5	96:12,17 98:20	132:4,13
forecasting 6:8	88:18 89:5	full-time 12:3	105:1 107:1	134:11
forecasts 9:24	90:14 91:3,9	function 72:2	108:18 110:22	good 73:20 95:22
44:1,4 126:3	93:13 94:8 95:5	fund 1:9 6:11,11	116:15 119:21	96:1 100:12
129:9	99:4,23 100:19	9:5,5 13:6	generallys 40:6	grad 5:7
foregoing 135:24	101:3,25	70:24,25 71:1,6	generating 42:12	graduate 4:14,15
137:4	102:15 103:15	71:7,8 72:8	Germans 63:14	group 5:19 6:11
foreign 89:15	104:18 108:2	73:15 74:11,12	getting 10:4	6:16 9:9,14,15
forgave 123:15	128:13 130:7	74:13,13,14,17	23:24 44:8	9:21 10:7,9,14
forget 86:7	130:16 131:11	75:2,6 80:20,23	51:13 59:8	10:15,24 11:7
forgetting 9:8	131:21 133:13	81:16 86:5	give 5:21,24 14:4	35:9 43:18
forgive 123:22	133:22 134:8	109:3	16:13 39:3	61:21 62:10,11
forgiven 96:8	134:17 135:2	funds 10:21,22	67:25	83:5 109:3
106:7,16,17,20	found 61:18	12:13 29:9 30:2	given 15:5 43:2	110:24 115:2,5
122:19,24	foundation	30:19 31:20	43:22 47:23	115:18,21
123:11,11	113:20 125:17	34:8 35:11	70:12 73:21,22	117:25 118:16
forgiveness 97:10	four 6:13 128:23	75:24,24 76:1	74:1 102:8	126:8
97:17 122:14	frame 4:24 7:11	80:9 85:14	123:3 129:2	groups 6:19,20
forgiving 123:7	7:12 8:10,14,24	128:19	global 52:25	guess 8:8 88:24
form 6:16 8:25	12:6 20:12 24:8	further 3:6 24:19	70:24 74:12	104:21
11:17,24 12:25	25:1 66:12,20	84:18 126:24	75:6 101:13	
14:12 21:24	67:16 106:13	127:1 135:10	go 15:19 16:1	H
22:8,15 23:10	123:18	137:17	20:1 43:6 54:4	half 5:9 94:20
25:3,11 27:4	Frank 8:17 11:1	future 17:4 45:16	65:12 81:9	95:11 110:20
29:10 32:25	20:9 29:13	49:13,20 53:17	82:18 85:10	half-million

David Klos - October 27, 2021

123:9	121:7 127:13	held 6:16 10:20	41:2,2,12,16,24	28:5 30:10,11
hand 90:9	127:17 128:1	121:10,12	42:5,20,22 43:6	33:13 68:18
handled 11:9	128:23	122:20,25	43:7,9,10,12,16	69:5,11 92:3
26:21 35:9 40:8	HCMFA's 70:23	hell 74:24	44:5 49:11	102:19 106:18
handles 11:7	119:25	help 33:2 65:22	50:19 51:2,4,19	hundreds 65:16
hands 57:2	HCMLP 10:21	66:20 67:16	51:20 58:13,21	
happened 35:25	29:4 42:20 60:2	100:4	59:9 64:24	I
47:13 59:2,4	68:8 71:17 72:2	helped 105:9	65:18,21 70:24	idea 7:24 57:10
93:8,11	72:2,23 76:2	helping 31:14	71:6,11 72:7,10	89:12 108:13
happening 27:14	80:1 94:1 104:8	Hendrix 9:16	74:12,25 75:8	identified 72:25
happens 47:13	109:24 110:3,4	18:16,19,24	75:10,12,14,23	illiquid 11:13
happy 55:22	110:12,15,16	20:3 27:19	75:24,25 76:4,5	important 44:6,7
hard 15:4 18:1	113:15 115:8	39:13 52:11	76:12 79:8,25	59:18,20 93:22
26:13 47:20	118:8,13	84:17 99:2,18	80:2,7 81:18	importantly
63:7 71:5	121:25 122:8	100:14,25	84:9 88:14 89:1	85:15
134:12	125:11,23	103:3,14	89:4,12 90:4,5	impossible 80:24
harder 11:13	126:20 128:1	117:25 124:4	90:22 92:19,22	91:25
HARDT 2:3	HCMS 2:20	hereof 48:16	93:23 97:11	impression 52:24
HARR 2:3	95:24 98:23	hereon 48:15	104:11 105:22	in-house 23:3
hat 43:15	99:8,10 107:3,4	hereto 137:16	106:6 107:2,24	inappropriate
hate 57:1 97:4	107:5 109:21	hesitate 64:17	109:22 110:8	81:20
Hayley 83:21	109:25 110:3	hesitating 106:16	112:20 119:12	inartful 77:16
118:10	124:22	hey 42:23 85:9	122:19,19,23	incidental 128:21
HCM 76:16	HCRE 2:20	hierarchy 10:25	123:7,14,21	include 52:18
HCMFA 13:6	95:24 98:23	high 105:5	125:4 126:14	107:25
53:20 65:10	99:8,10,21	Highland 1:6,9	Highland's 42:13	included 85:12
68:8 71:10,17	100:17 107:3	5:11,12,14,22	51:9 72:13,14	115:5 116:16
72:8,8,12,12,24	107:11,20	6:6 7:25 8:4,12	history 62:2	116:23 118:3
73:3,5,7,14,17	108:6,12,22	8:16 10:14,18	116:3,7 118:22	119:8,13,25
73:21 74:10,24	110:6,7,10,12	10:20 11:23	119:2,12 120:5	120:7,12,19
75:1,1,21 76:11	110:15 124:20	12:6,8,9,23	120:17	122:5,7 126:3
76:16,17 78:14	he'll 94:14	13:4,5,14,17,18	hit 82:3	including 79:14
78:22 79:1,13	head 62:15	13:21 14:3,22	hits 82:9	115:17
79:14 80:2,20	107:10	15:2,15 16:5,6	HMS 99:21	inconsequential
80:22,25 81:15	headers 36:25	17:5,6 23:2,21	100:17	127:23
85:16 87:2,5,9	hear 52:4 113:8	23:21,22,23	hold 4:18 121:15	incorrect 55:5,6
87:15 88:10	heard 30:17	25:2 26:17,18	honestly 58:22	55:11
89:2,3,12,13,20	62:16 74:3	26:19,23,25	hope 43:20 82:7	INDEX 3:1
90:17,21,23	91:14,17,21	28:2 29:4,18,20	hopelessly 53:16	indicate 44:22
91:23 92:19,20	122:22 125:18	29:24 31:12,17	Houlihan 71:23	80:7,16
93:16,21,23	hearing 101:10	32:6,23 33:3,4	hours 11:22 12:6	indicates 135:5
110:2 115:8	hearsay 79:17	33:7 34:7,19	12:7,10	individual 31:8
118:8,13,14	heavy 107:13	35:3,4,10 36:2	housed 72:2	52:2 72:24
119:18 120:6	hedge 6:11 30:15	36:24 37:10	human 71:19	individuals
120:11,18,24	33:12	39:22 40:22	hundred 23:14	106:19 123:3

David Klos - October 27, 2021

inflow 59:8	103:22	105:17 108:1	100:10	99:12 100:8
info@dickman...	insulting 132:5	113:12 124:13	keeper 26:15	101:10 102:25
138:3	133:6,9	issued 124:16	keeping 129:1	104:13,13,20
informal 83:25	insurance 80:20	issues 75:15	kind 10:25 14:23	105:12 106:11
105:14	80:22 81:5,6,9	79:23 121:6	15:25 52:12	106:14 108:7,8
informally 62:5	81:14,19 82:4		89:7 99:13	110:2,3 112:23
information	82:10,19	J	106:12 108:22	117:11 119:7
59:16 129:1	intended 44:15	Jack 106:15	108:23 109:8	119:18 120:11
informed 62:10	44:19 111:6	January 29:16	Klos 1:14,18 4:1	121:12,23
102:3	130:3	42:16 44:13	4:6 61:24 64:22	123:17 127:23
inject 90:22	intent 95:12	58:11,15,25	95:22 109:19	129:6 130:10
ink 84:23	interco 68:8	59:23 60:2,23	117:21 136:5	130:18 131:23
insinuation 16:9	115:22	61:7,18 112:22	knew 70:6,11	knowing 102:23
17:1	intercompany	113:3,16	85:22 128:23	knowledge 7:24
insolvent 87:2,6	32:22 41:3	Jim 2:20 24:11	129:3	13:8,10 24:13
installment	65:17 68:9,11	26:4,4 29:13,14	know 4:19 5:1	34:6 35:1 44:14
110:25 111:7	68:12 69:10	30:17 31:9 34:2	9:22,23 10:19	48:20 49:10
112:1,8,16	interest 37:4,8,13	34:6 35:23 36:1	11:11 12:7,19	60:25 61:16
113:4 114:7,12	37:15 38:9	36:9 44:8 53:16	15:6,13 17:10	63:24 64:5 67:6
125:12,23	40:12 45:12	68:14,18 69:1,3	18:7,8,11 19:10	73:1 79:17
126:4 131:3,10	46:8,8,16,20,25	70:15 80:5 89:9	20:4 23:7,17	98:10 100:6,9
installments	47:1,4,4,11,12	93:25 94:2 97:9	24:1,7,9,12,15	104:10 109:21
14:22 130:23	47:13,14,18,19	101:18 105:22	25:5,7 28:21,23	110:7 112:23
instance 1:20	47:20,21,24,25	108:20,21,23	29:6 31:11,13	121:19 122:10
31:20 34:11,16	48:4,5,7,15	118:9 121:22	31:23,25 32:3,7	123:10,21
34:18 35:25	49:4,6,12,12,20	Jim's 26:15,16,20	35:15 37:25	125:10
39:22 42:22	49:23 50:9,21	26:22,24 36:7	38:11,12,19	known 61:9
68:24 86:22	51:3 86:2 111:3	90:7 93:6 94:19	39:9 40:20	69:23 70:1
instances 32:5	131:15	108:21	43:16,21 44:18	KOPF 2:3
65:16 71:8 91:5	interested 83:13	jmorris@pszjl...	45:4 48:10	Kristin 9:16
institutional 9:5	137:19	2:14	51:16,25 53:1	18:16 39:13,17
instruct 115:7	internal 22:21,25	John 2:12 36:16	53:17,25 54:20	52:1 53:7,8
instructed	internally 96:16	joined 5:14 29:24	54:20 55:14	59:11 61:13
125:11	investment 74:19	122:23	60:14,19,22	62:4,15,15 83:1
instructing 85:9	investments	JONES 2:10	62:13 70:10	83:2,20 99:14
133:2	107:16	judge 132:21	73:17 76:14	101:7,24 102:3
instruction 52:25	investors 74:17	juggled 31:24	77:23 78:20	102:5,8,10,11
61:13,24 62:12	75:5	July 29:17 58:24	81:4,21,25 82:2	108:5,8,12,14
62:17 99:19	involved 10:7	jumble 48:1	82:4,8,19 83:11	109:10 117:25
101:6,13,17,23	25:14,24 60:17	June 11:21 45:23	84:6,25 85:17	118:15 119:3
102:3,5,8,20	iota 16:13	45:24 49:2	85:18,20 86:1,4	Kristin's 100:6
103:7 124:7	irrespective		87:6,17 90:18	100:22 118:20
125:15	90:11	K	90:19,25 91:5	
instructions	issue 29:18 36:20	K-l-o-s 4:7,8	91:13,16 93:19	L
100:15 103:14	43:7,8,17 93:10	keep 27:21	96:14 98:21	L.P 1:6,10

David Klos - October 27, 2021

lacks 113:19 125:17	level 23:20,24 36:6 82:15	68:16,21 69:10 69:15,17,19,24	looked 111:20 looking 22:3 44:1	25:23 March 5:12,14
land 132:21	88:14 105:5	70:2,10 73:14	117:17	6:3 13:24 37:6
language 74:25	liabilities 87:10	74:2,4,7 76:15	looks 27:25 39:6	80:19 122:17
large 55:2 59:8 59:13 93:20	87:12 122:8	76:21 78:3	loop 53:9	marching 52:3
131:25	liability 120:12 120:19	79:13,24 85:18	lost 41:21 63:16	marked 3:10
larger 41:7 58:3	liaison 10:15 11:5	85:20 89:21	lot 100:1 129:20	Master's 4:16
largest 123:8	liberally 12:8	90:10,13 91:2,6	loud 118:6	material 15:7
late 106:13	license 4:20,22	92:3,15 95:4	LP 6:6 8:5 12:14	matter 109:11,12
launching 10:3	licenses 4:18	107:25 110:19	12:15,17 13:6	matters 26:22,24
Lauren 23:2	life 131:18,19	115:22 116:4,8	23:22 26:19,24	maturity 131:20
law 2:5,12,19 81:22 82:1,9,16	limited 104:7	116:16,23	29:5 110:8	MBA 4:17
82:22 95:23	lines 5:18	117:3 118:8,10	lying 79:16	131:25
Lawler 106:17	linked 92:15,17	118:11,13,17	<hr/> M <hr/>	mean 9:18 15:21
Lawn 2:17	liquidity 29:4,5 29:18,20,23	118:25 119:4,7	machine 1:24	24:10 26:9,11
lawsuit 112:14	30:7,21 31:21	119:14 122:14	magnitude 92:12	104:6 114:18
lawsuits 97:15	31:25 32:6,22	123:6,10,14,22	maintained 28:2	meaning 51:4
lawyer 23:4 82:21	33:9 34:20	loaning 72:7,11 89:1 92:19,22	maker 46:15,23 47:1 50:8	68:9
leading 65:17	35:19 36:2 40:7	loans 32:4 33:14 36:9 40:8 65:17	114:12 122:20	means 47:4,12
learn 30:25 51:21 51:23 58:6,6	42:13,20 43:7,8	66:3,5 80:7	122:25 129:18	48:21 63:12
learned 61:6	43:17 73:2,14	84:1 85:10	129:24	84:7 132:1
learning 58:20	73:18 74:10	89:10 90:8	makers 126:13 126:19	133:12,20
left 7:14,20 46:8 46:9 109:20	75:1,15,22	91:12,14,23	making 71:8	134:7 135:7
legal 18:10,20 84:9 112:3,10	list 59:10 106:12 109:9	94:1,7,22 95:2	75:18,19 85:12	meant 50:12
130:9	litigation 15:5 16:6,11 18:1,25	98:17,22	99:20 100:16	medical 82:3,10
legally 82:19 84:10	19:21 126:19	105:16 106:6	107:20,23,25	82:10
length 19:24 124:2	litigations 17:7	106:19 107:25	108:9 126:9	meet 31:14 33:8
let's 8:14 12:12 18:22 21:21	little 9:2 12:12 14:2 30:15	108:1 119:24	132:20	73:2
24:19 27:7 28:6	33:12 39:3 48:1	120:8,12,19	man 17:23 128:10 130:20	meeting 52:12
61:7 66:19	98:15 106:23 107:5	123:2	managed 10:21 10:21 70:24	57:25
68:24 81:17	live 4:11,12	logically 42:15 69:18	Management 1:6 1:9 5:12 6:6 8:5	meetings 25:24
103:25 109:19	LLP 2:17	Lokey 71:24	13:6 23:22,24	43:5,24 62:1,3
122:14 123:25	loaded 16:22	long 15:8 16:5 17:5,9 34:25	26:19,23 27:1	63:2,19
letter 14:15,17 58:13,17	loan 9:6 28:1 33:11,21 34:9	look 15:19 27:15 38:15 39:4	29:4,19 32:6,24	Melissa 26:10,12
letters 80:5	34:13,20 35:12	66:19 114:15	35:3 71:6 107:2	108:14,17,18
	36:1 39:25 40:1	117:10,22	110:8	109:1,5,9
	41:9 68:11,13	134:3,15,19	manager 7:2,3 managing 9:25	member 62:14
				members 10:17
				memory 27:8
				28:17,19 42:16
				42:18 50:23
				68:15 71:18
				85:8 87:13
				91:20 92:4,7
				93:9,12

David Klos - October 27, 2021

mental 48:1	minutes 39:21	45:9,17 46:21	mouth 36:7	negative 37:7
mention 10:6	105:25 126:25	47:8,15 48:8,22	Move 120:15	44:4
114:7	misconstrued	49:15 50:2,13	125:16	negotiation 22:7
mentioned 12:13	134:23	51:5 52:21	moved 6:10	22:13,18
61:20 88:13	missed 60:25	53:22 54:7 55:3	muddy 43:14	neither 93:23
98:7 107:23	missing 107:10	55:12,19 56:11	MUNSCH 2:3	never 18:2 56:25
108:4 110:6	mistake 80:12	57:8,19 60:12	mutual 74:13,14	72:25 74:3
116:10	126:8 127:21	61:1 63:5,13		78:12 80:13
met 31:9,25	127:23 128:4,7	64:9 65:19,25	N	91:14 105:15
Michael 2:18	MLP 59:9	66:7,15,24	name 4:4 26:11	105:18,20
95:16,23	moment 32:12	67:17 69:20	26:14 39:10	new 2:11 7:16
135:11	67:16 73:21,22	71:3,12,20	87:21 95:23	26:11,13 68:8
michael.aigen...	116:6 122:15	76:18,22 77:6	names 106:14	68:11 85:10
2:22	monetization	77:20 78:4,23	Nancy 104:24	115:22 118:8
mid 112:21	15:2	79:5,19 81:2,11	105:16,21	132:21
middle 6:10 80:4	monetizing 97:12	81:23 82:6,13	nature 10:1 70:4	NexBank 124:16
108:22	money 15:17	83:13,17 85:21	70:6,7,11 84:1	NexPoint 10:4
million 18:1	33:3,3,7 34:19	87:3 88:18 89:5	NAV 70:25 71:2	12:13,14,14,17
21:22 28:13,14	39:22 41:12,16	90:14 91:3,9,19	71:8,19,25	12:24 13:3,16
28:14 45:25	42:4 45:20	92:5 93:13 94:8	72:19,20,21	21:21 26:3 27:1
46:3 49:1,8	59:13,19 70:4	94:13,16 95:5	73:4,15 79:14	27:12 36:22
58:25 68:7 69:2	72:11,12 73:5	95:16,20 99:4	80:20 81:1,14	37:11,19 40:22
70:7,19,23 72:7	75:12 76:11,12	99:23 100:5,11	85:22 89:20	41:3,15,15 42:4
73:18,25,25	76:13 79:24	100:19 101:3	90:2,3 92:11,16	42:9,11,17,22
74:7,8,24 75:4	92:19,22	101:25 102:15	92:17,18 104:2	43:11,13 53:19
75:9,22,23 76:3	113:24 120:8	103:15 104:18	104:10	56:21 57:6,10
76:19 77:4,10	month 11:22 12:6	108:2 109:19	necessarily 31:25	57:14,18,23
77:11,18,18	months 6:13 19:6	111:11 112:7	50:11 53:4	58:17,25 59:12
78:3,10,22	59:5 75:14	112:13 113:22	69:12 107:14	59:24 62:18
79:12,22 80:2	morning 36:16	116:21 117:2,9	need 29:18 31:16	63:3,20 64:8
80:19 81:18	Morris 2:12 3:5	117:13,16,21	33:12 37:3	65:9 72:22,24
82:25 85:4,18	8:25 11:17,24	119:11,18	41:24 54:5	75:17,19 78:13
85:20,23 86:13	12:25 14:12	120:5,11,17,23	58:14 73:3 93:7	110:19 111:14
89:2 90:17,20	17:20,25 20:17	125:18,21	93:20,21	111:22,25
90:22,24 91:22	20:21,24 21:2,8	126:24 128:13	106:25 107:4	112:15 113:3
91:22 92:8,15	21:24 22:8,15	129:12 130:7	needed 30:3	113:10,15
93:3 115:8	23:10 25:3,11	130:16,19	31:10,12 32:6	120:24 124:18
116:3,23 118:8	27:4,16 29:10	131:1,5,11,21	35:19 41:12	NexPoint's
118:9,13,24	32:25 33:24	132:2,8,11,15	73:5,17 74:10	110:25 111:6
119:7,14,25	34:21 35:13	132:19,23	74:25 75:21	112:21
122:5	36:4,18 37:20	133:3,5,13,22	76:11	night 36:17
mind 36:8 56:20	38:17,25 39:7	134:8,17 135:2	needing 29:5,22	nomenclature
76:9 100:2	40:3,14 41:17	135:10,13,15	needs 29:4 31:14	83:24
mine 24:1	41:20 42:24	135:19	33:9 34:20 40:7	nominal 62:1
minimus 127:22	43:19 44:16,24	motion 132:18,20	42:20 44:9	nonstop 44:5

David Klos - October 27, 2021

North 1:24 2:3 138:2 NORTHERN 1:2 note 21:22,23 22:2,5,7,14,22 23:9,15 24:10 24:18,21,23 25:2,9,17 27:2 27:9,13,14 33:17 38:15 39:4 40:11,13 40:17 46:12,16 46:25 48:5,14 49:10 50:25 51:10 57:18,23 58:4,20 59:12 60:7 63:4,21 64:8 65:9 66:6 66:10,13 70:22 75:18,20 76:7 79:1,22 82:25 83:21 84:3,9,16 84:16,18,19 85:4 86:2,3,3,8 86:13 89:15 92:15 111:22 112:9,12 113:16 122:19 122:24 127:13 127:14,17 128:16 130:3 131:18,20 133:12 134:3,4 134:11,15,20 notes 16:7 17:7 19:25 23:13,14 26:3 36:19 40:21 50:19 52:18 65:10 66:20 67:12 76:1 84:14,22 85:2 86:12 87:14,24 88:7 88:10,15,16 96:8 97:11,16	114:21 122:5 122:12 124:10 124:11,13,24 125:4,7,8,13,25 126:10,13,20 127:17 128:23 129:7 130:12 130:15 Notwithstanding 110:23 111:25 November 54:4 63:18 124:8 137:22 number 12:2,10 14:10 22:4 23:19 27:16 28:9 75:3,4 numbered 1:21 27:19 numbers 14:4,19 28:6 44:4 81:18 nutshell 54:12 NY 2:11 <hr/> O oOo-- 1:4 Oak 2:17 oath 97:6 106:4 object 50:2 100:8 objected 118:20 objection 8:25 11:17,24 12:25 14:12 20:17 21:2,24 22:8,15 23:10 25:3,11 27:4 29:10 32:25 33:24 34:21 35:13 36:4 37:20 38:17,25 39:2,7 40:3,14 41:17 42:24 43:19 44:16,24 45:9 45:17 46:21 47:8,15 48:8,22	49:15 50:13 51:5 52:21 53:22 54:7 55:3 55:12,19 56:11 57:8 60:12 61:1 63:5 64:9 65:19 65:25 66:7,15 69:20 71:3,12 71:20 76:18 77:6,20 78:4,23 79:5,19 81:2,11 81:23 82:6,13 85:21 87:3 88:18 89:5 90:14 91:3,9,19 92:5 93:13 94:8 95:5 99:4,23 100:19 101:3 101:25 102:15 103:15 104:18 108:2 111:9 112:3,10 113:19 116:20 116:25 119:9 119:16 120:4,9 120:15,21 125:16 128:13 130:7,16 131:5 131:11,21 132:2 133:13 133:22 134:8 134:17 135:2 obligated 122:12 obligation 25:25 80:1 110:25 111:6,14 112:16 113:11 113:17 114:12 obligations 45:21 121:24 obligor's 33:8 obviously 85:18 occur 55:8 96:9 occurred 47:5 61:17 70:25	72:20,25 85:13 92:13 112:24 October 1:15,21 31:18 80:11 120:24 127:11 128:22 129:3 offended 17:22 offer 14:15,17 offhand 84:16 office 5:10,10 10:17 72:4 121:10 officer 7:14,17,22 8:23,24 9:3 10:13 13:21,22 53:4 121:6,13 123:22 officer-level 7:25 13:18 officers 105:22 106:7 121:18 123:15 official 12:16 13:7 oftentimes 32:3 Oh 100:12 okay 18:14 20:8 51:8,16 52:10 65:13 74:1,7 76:25 81:21 82:23 84:4 93:9 100:3 110:18 110:23 112:25 117:2 119:11 120:23 124:7 125:8 126:2 132:19 old 106:22 one-page 84:11 oOo-- 135:22 open-end 74:13 open-ended 25:6 operate 29:5 operations 9:6 107:19	opinion 44:6 opposed 40:22 42:9 75:8,10 85:1 86:3 89:20 90:12 102:20 103:8 127:17 oral 96:4,7,23 97:8,15,22 98:1 98:5,12 order 27:21 124:9 orders 52:3 ordinary 128:11 organization 72:4 original 27:12 originated 43:9 ought 62:23 outlook 44:2 outside 11:9 128:11 outstanding 38:8 45:22 46:9,10 47:1,19 49:5 125:3 129:2 overall 10:10 30:6 overpayments 53:19 55:2 oversaw 9:17 overseeing 9:14 9:14,21 oversight 6:20 9:4,8 oversimplify 32:11 owed 94:1 owes 45:19 owing 113:24 121:25 <hr/> P P 37:25 P.M 1:22,22 135:21
---	--	---	---	---

David Klos - October 27, 2021

PACHULSKI 2:10 package 83:18 page 3:2 28:8 37:2,2 114:15 130:1 pages 20:16,25 117:13 paid 14:11,20 76:3,4,6 80:19 80:22 81:16 85:16 135:7 paper 85:10 118:11 119:4 papered 33:16 66:6 68:21 papering 84:19 85:5 118:17 paragraph 50:8 114:4,7,10,11 114:16,17 129:15 pardon 46:14 parentheses 118:9 part 13:14 17:4 25:22,23 30:23 46:15,24 58:2 61:21 62:6 70:3 70:9,10,11 73:19 75:17,19 76:8 83:17 103:17 106:8 106:17,20 117:13 121:2 122:2,24 123:15 126:20 participated 30:12 121:19 participating 61:25 62:3 particle 63:15 particular 20:22 28:13 29:18 31:6 46:12	61:23 68:16 119:5 particularly 35:22 71:23 parties 71:23 137:18,21 Partners 2:21 99:9 partnership 104:8 parts 72:4 party 71:7 102:22 pass 95:15 135:9 passing 98:7 pattern 66:12 109:11 pause 7:7,16 63:13 pay 47:1 49:14 49:24 74:25 82:5 88:8,10,12 90:20 103:22 103:22 112:16 113:23 122:12 payable 14:23 74:18 93:16 125:4 paygrade 60:11 60:14 paying 72:12 payment 26:8 27:10 37:6,11 37:18,23 38:5,6 38:7,12,23 40:10,11,17,17 45:7,25 46:3,6 46:7 48:25 49:1 49:2 51:10,14 51:16 56:22 57:7,11,14 58:7 58:18 59:1,2,3 59:15,24 60:3,6 60:22,25 61:18 62:19 64:13,15	68:20 72:16,18 75:1,5 76:16 85:13 89:10,14 92:20 93:22,24 93:25 99:13 110:25 111:7 112:1,5,7,9,11 112:15,16,21 113:4,11,15 115:15 126:9 126:21 129:19 129:24 135:1 payments 25:8 25:10,16,18,19 27:8,11,13 36:13,14,19,22 36:24 37:13 39:15,18 40:20 40:21 41:5,6,8 41:12,24 42:17 44:12,23 45:3 48:14 51:19 52:20 55:9 56:1 59:10 60:21 61:15,16 64:7 64:23 75:18,20 94:21 98:17,23 99:1,3,20 100:16 101:1 103:23 107:6 107:20,23,25 108:6,10 110:19,23 111:5,13,21,25 114:8,13 124:9 125:12,15,23 126:4,9,14 130:4,6,23 payroll 10:1 53:21 107:21 pays 48:4 81:9 82:4,10,19 PC 2:3 PE 97:12 penalty 135:23	people 51:19 71:22 72:3 95:10 103:18 people's 26:1 57:2 percent 15:25,25 23:14 28:5 30:10,11 33:13 36:8 68:18 69:4 69:5,11 74:18 74:22 92:3 102:19 106:18 perception 53:14 perform 126:21 performed 71:24 performing 9:25 period 23:16 93:5 104:2,11 104:21 116:14 120:1 137:15 perjury 135:23 person 7:19,20 7:21 9:17,18 39:9,10 44:21 72:25 77:3 80:25 81:10 101:10 115:14 137:8 personal 26:16 26:22,24 44:14 48:20 49:10 76:1 98:10 131:18,19 personally 25:13 25:17 64:19,20 64:22 108:21 personnel-wise 107:7 perspective 33:23 35:20 pertain 72:22 pertained 105:8 pertaining 93:20 97:10 pertains 79:22	petition 123:23 phrase 51:3 97:4 physical 85:5 physically 22:23 66:14 pick 45:20 48:25 109:20 piece 15:20,21 pin 8:6 place 33:20 35:2 66:13 137:8 Plaintiff 1:7 2:13 plan 14:22,23,25 17:11 plane 82:7 130:21 platform 10:20 12:10 play 15:6 64:15 please 4:5 5:5 14:5 30:22 66:18 68:7 83:21 95:20 114:1,22 115:14 118:6,7 118:10 127:2 129:12 pled 98:13 plenty 57:3 point 6:10,14 7:2 7:3,3,4 9:13 18:8 24:16 29:25 36:23 37:12 39:4 45:15 53:3 56:16 57:1 60:10,16 61:17 63:2 73:19 79:21 80:3,4,5 80:5,14 83:23 89:10 97:9 101:12 109:6 128:18 129:2 pointed 102:22 points 7:6 20:14
--	--	--	--	--

David Klos - October 27, 2021

policy 33:20 35:2 35:6	84:2,9,17	128:19	process 17:9 32:10 51:19	43:12
portion 16:4 21:12	prepared 26:7 53:18 54:9	primary 9:15 109:5	66:17 83:24,25	providing 12:24
portions 20:8	64:20 66:14	principal 37:5,9 37:13,16 38:9	109:8 121:3,4	provision 114:19
position 7:25 13:18 43:22	80:8	40:12 45:12	122:2	129:22,25
51:9 79:11,18	preparing 18:9 19:20 129:8,10	46:9,16,24 47:2	processing 10:1	public 10:3
121:13,15	prepay 46:15,19 46:24 47:24,25	47:22 48:16	produced 1:18 83:14,16 117:6	purport 28:8
possibility 79:23	48:5,7 49:19	49:8,24 123:11	production 117:14	purpose 23:8,12
possible 17:17 48:11 50:3 74:5	50:8	131:16	professional 4:18	85:25
89:23,25 90:19	prepaying 50:21 51:3	print 117:8	program 105:9	purposes 30:21
91:17 95:1,8,9	prepayment 37:19,23 38:1	prior 14:22 19:18 24:19 27:9	progression 5:24	31:21 32:22
95:10	38:11,13 46:13	31:19 40:10	promissory 16:7 22:14 23:9	36:3 73:8 75:22
possibly 41:6	63:23 64:12	53:18 56:17	24:21 25:2	pursuant 12:22
potential 53:19 92:12 97:17	113:5,12,18	57:5,12,17,21	27:13 33:17	13:14 74:15
potentially 30:14 96:8,14,16	114:11 129:16	69:17 87:14,15	38:15 39:4	112:11
power 89:9 90:21 90:23	129:18,23	88:15 92:4	46:12 50:19	put 6:15 10:2
practice 30:1,5 34:4,14 35:18	130:5 131:2,9	97:14 98:12	52:18 63:4	26:1 86:6 93:6
50:4 69:23 70:3	131:14 132:1	104:11 112:14	65:10 66:6,10	
73:6 78:7 79:4	133:12,20	112:15 113:5	66:13,20 67:12	Q
86:5 90:7	134:7,20,25	113:10,18	70:21 85:2	qualification 64:4
109:11,12	135:5,7	122:22 123:23	97:11,16	qualitative 16:1
practices 70:11	prepayments 27:2 38:10	126:7,12,18	122:19 130:3	question 9:1
pre 135:5	44:15,19,23	131:20 135:1	130:12,14	11:18,25 13:1
precision 28:5	45:1,5 63:4,21	priorities 89:11	131:18,19	14:13 16:8,22
predicate 41:22 42:2	64:8 134:12	privilege 132:6 133:2,4	133:12	16:25 17:2
preference 73:7 73:11 90:7	preposterous 89:15	probably 4:24 6:12 8:9 9:7	promoted 6:1	20:24 21:25
prefix 135:5	present 18:20,25 56:20 68:15	15:11,19 23:19	proper 108:10 132:11	22:9,16 23:11
premise 43:1,3 89:8	93:9	24:7 35:12	protest 126:18	24:25 25:4,6,12
prep 83:21	presented 66:14	39:11 44:7	provide 110:10 110:12	27:5 29:11 33:1
prepaid 49:22 131:18,19	president 43:10 43:11 121:17	73:24,24 83:9	provided 13:2,3 13:13 20:15,15	33:25 34:15,22
preparation 19:13 21:9 67:7	pretty 11:15 60:24	98:7 105:3,13	21:6 40:12	35:14 36:5
67:8 84:19	previously 53:6 125:3	108:7 114:19	76:13 80:6	37:21 38:18,21
prepare 54:6	pricing 10:16,16	problem 57:2	102:5 107:2,24	39:1,8 40:4,15
	primarily 6:7 26:22 88:5	problems 29:21	109:25 110:4	40:19 42:2,25
		procedure 33:20 35:2,6 39:5	110:16 122:4	43:20 44:10,11
		66:13 83:23,24	125:14 137:15	44:17,25 45:10
		proceedings 5:3 96:6 108:1	provider 11:12 71:24	45:18 46:22
		proceeds 80:22 81:6	providers 10:16	47:3,9,16 48:9

David Klos - October 27, 2021

64:1,10 65:20	96:3,7,18	31:19 34:23	records 110:24	97:16,16 99:20
66:1,8,16,21	raising 62:17	36:6 41:13 42:3	111:4	100:16 102:20
67:16,24 69:21	rate 84:15 86:2,6	56:5,9,12,14	recover 17:15	103:7 137:20
71:4,13,21	ratify 28:6	57:17,22 58:10	recoveries 17:10	relates 18:5
76:19 77:7,16	ratio 104:2,10	58:16,20 59:8	recovers 16:6	70:21
77:21 78:5,9,24	rational 80:25	62:16 63:18	reduced 137:10	relating 19:23
79:6,20 81:3,12	rationally 92:25	67:18 82:24	reduction 38:8	relationship
81:24 82:7,14	reached 104:11	85:7 86:19	45:12	53:15 133:21
83:15 87:4	read 20:8,10,20	87:20 88:21	refer 125:7	relevant 5:5
88:19,24 89:6,8	20:25 21:11,11	92:10 99:12	reference 52:18	relieve 45:14
90:15 91:4,10	44:22 46:25	102:10 106:21	referred 87:24	111:6 114:11
93:14 94:9,12	48:24 118:6	116:15 118:19	123:2	129:18,23
94:13,14,21	127:8,14,21	118:22 120:23	referring 87:17	130:3,5
95:6,7 96:5	128:6 130:1	121:16 122:21	98:22	relieved 112:15
97:24 99:5,24	131:14 132:23	123:6,16 124:2	reflected 37:14	relieves 131:2
100:1,20,21	reading 21:5	127:20 130:13	44:13 120:8	reloaned 76:4
101:4 102:1,16	46:6 131:8	receipt 26:1	reflects 103:21	remainder 49:24
103:16 104:19	reads 46:23	receive 74:18	refresh 54:13	remember 5:16
104:22 108:3	real 107:13	received 99:19	regarding 16:7	7:5 12:1,18
119:3 125:20	realize 128:6	100:15 103:19	18:24 100:16	13:9 14:24
125:20 128:14	realized 127:21	106:19	127:5	15:10 18:6
130:8,9,17	really 6:12 9:16	receiving 22:24	regardless 16:16	22:22,24,25
131:4,7,12,22	10:15 16:8 54:4	33:3	16:20 60:17	32:5 34:11,16
132:4,5,11,14	73:9 78:12	recognize 27:23	72:24	34:18 38:20
132:24,24	83:13 95:9	104:7	regular 66:12	39:24 42:8
133:6,14,17,23	101:11 105:4	recollection 5:25	88:16	50:25 51:24
134:9,13,16,18	107:5 108:19	8:3 28:20 29:17	regularly 31:9	52:1,10,13,23
134:20 135:3	109:2 128:19	40:7 50:18	129:19,24	53:13 56:8 57:5
questions 19:12	129:6	51:18 52:15,17	130:4,6	57:16,24,25
77:12 80:13	realtime 85:14	55:7,8 68:17	reimburse 70:24	58:3,19,22
95:17 97:25	reason 23:8	75:21 76:6	reimbursed	59:25 60:8,20
109:15 110:18	30:14 35:21	78:16,17 88:3,4	81:15	62:20,22,25
111:19 114:3	40:23,24 41:1	91:24 94:5	reimbursement	63:1,23 67:4
126:24 129:13	54:24 55:10	95:13 101:24	53:21 72:23	69:13 71:14
135:10,12	67:22,24 75:17	105:7 115:4	reinstate 60:7	74:5,6 78:17
quick 48:12	75:19 99:21	123:21 125:6	reinvestment	83:22 84:20
quite 7:9 31:9	100:18,21	126:2	105:9	85:4 86:15,17
quote 115:22	113:7,14	record 4:5 16:14	reiterate 17:13	87:11,23 88:2
	115:24	25:9 64:6 68:3	REITs 10:3	92:10,11,12
R	reasoning 105:2	105:24 106:2	reject 67:22,24	93:2,17 94:5,18
radar 93:6	reasons 23:20	117:12	89:7	94:19,22 97:18
radars 26:1	74:1 88:4	recorded 37:13	relate 19:22	97:19 98:19
raise 24:5,7	recall 4:23 19:2	37:14 38:7	related 70:20	101:15 105:4
119:3	21:4,5 22:22	recording 25:15	74:11 81:1	108:5 109:7
raised 24:3 80:15	23:6 24:3 27:13	39:14	92:18 96:3	110:21 113:13

David Klos - October 27, 2021

123:4,8 124:5 130:11 131:4,7 remembering 34:10 92:23 remind 99:6 rep 80:5 repaid 76:1 repay 89:3 repaying 93:25 repayment 76:7 repeat 22:10 27:6 100:3 rephrase 20:24 22:11 49:17 133:5 report 8:15 9:16 10:23 53:19 120:24 121:24 reported 1:23 reporter 117:8 135:13,16 137:1,3,15 represent 19:15 95:24 representation 19:17 represented 2:4 2:11,18 requested 137:13 137:14 reservation 91:25 respect 19:19 22:17 24:20 25:2,18 35:3 38:3 41:11 47:22 49:23 51:9 58:16 68:16 69:12 71:22,23 72:21 76:23 79:8 80:1 80:8 82:25 84:14,18 85:5 86:14 94:3,20 108:6 111:21	121:13 125:13 125:24 respectful 76:25 respond 25:7 60:15 response 128:16 responsibilities 7:15 8:7 9:22 108:16 responsibility 32:17,18 90:4,5 118:17 responsible 11:4 39:14 71:7 108:9,17,19 109:10,13,13 restate 61:10 resulted 71:25 retail 9:4 80:9 120:25 121:20 121:23 122:4 122:11 128:16 128:19 return 76:25 reverse 40:9 review 39:19 48:12 121:3 137:13 reviewed 84:10 ridiculousness 97:5 right 16:17,21 17:25 18:20 21:23 33:22 37:5 41:25 45:16 47:6 55:1 56:1 66:21 67:20 68:9 75:18 78:14 80:4 81:9 83:14 85:19 88:8,22 89:19 107:9 109:25 111:23 114:24 115:2 117:3,12	123:12 124:17 124:22,25 125:5 126:5 127:11,14,20 132:25 133:6 Rip 37:2 role 5:15 6:2,12 6:16,18,21 8:22 9:4,11 11:5 12:16 13:7,14 19:13 24:19 25:1,14,17,21 25:22,23 26:25 39:10 53:4,6 58:16 62:1 64:15,17 67:6 67:11 78:13 84:18,21 85:5,8 85:11 86:13,21 128:18 roll 23:15 rolled 125:3 rolling 88:15 rolls 39:18 64:18 roughly 6:9 round 39:20 81:18 RPR 1:23 Rukavina 2:5 3:3 3:6 4:4 9:10 11:21 12:3 13:5 14:16 17:23 18:4 20:19,23 20:25 21:6 22:3 22:11,19 23:17 25:8,16 27:7,17 27:18 29:16 33:5 34:6 35:1 35:24 36:11,21 38:2,20 39:2,20 40:9,18 41:19 41:22 43:4,23 44:20 45:6,14 45:23 47:3,10 47:17 48:13	49:9 50:1,5,17 51:8 53:11 54:3 54:11 55:6,16 55:24 56:14 57:12,21 60:19 61:5 63:10,14 64:14 65:23 66:4,11,19,25 67:1,18 68:4 70:1 71:10,18 72:6 76:24 77:8 78:1,9 79:2,9 80:18 81:8,21 82:2,8,17 83:16 83:19 86:1 87:8 88:21 89:17 91:1,7,13,20 92:7 94:3,11,14 94:17 95:7,14 110:18 111:9 111:20 112:3 112:10 113:19 116:20,25 117:7,11,15 119:9,16 120:4 120:9,15,21 125:16,19 126:25 127:2 128:22 130:11 130:19 131:8 131:17,24 132:6,9,13,17 132:20 133:1,4 133:8,18 134:1 134:14,24 135:8 rule 39:5 127:6 rush 135:19	49:19 61:11 90:9 92:23 94:6 94:22 109:9 says 18:2 46:13 46:14 48:5,14 68:7 80:12 115:23 118:7 118:18 127:17 129:17 131:2 134:11 scenario 33:6 schedule 28:1 37:15,25 38:12 45:3,7 scheduled 27:9 38:5 40:10 56:22 57:7 129:19,24 130:4,6 schedules 64:21 80:10 111:3 school 4:15 5:7 Schroth 26:10,12 108:15,17 Science 4:16 scratch 27:7 screen 117:22 screwed 111:17 se 37 :25 38:13 second 28:8 37:4 67:25 72:15 73:2 103:25 Section 46:13 130:22 131:8 131:14 securities 10:20 11:14 see 21:18 22:2 28:11,15,16 46:1,17,18 48:17,18 49:2 58:14 83:7,12 113:9 114:5 117:20,24 125:21 129:22
---	--	--	---	--

David Klos - October 27, 2021

129:25 130:24 130:25 131:1 seeing 44:20 48:6 48:11 59:8 61:19 85:14 114:9 130:11 seen 50:17,22,23 83:9 114:18 126:18 Seery 15:8 18:13 19:8,9,11 20:3 53:15 56:15,19 57:13,15,18,23 60:5 96:25 97:3 97:21 98:2 129:9,11 Seery's 21:12,19 semiannual 14:22 send 42:23 68:7 sending 33:4,5,6 33:8 90:24 115:14 sends 80:2 senior 5:17 7:3 sense 50:4,5 73:20 104:4,5 108:20 113:22 113:25 134:22 135:4 sensitive 86:24 sent 36:16,18 54:15 59:17 69:4 76:5 83:1 83:2 115:1 sentence 46:14 48:13,21 50:8 50:16 sentences 127:25 separate 10:25 11:7 70:20 106:25 107:4 Separately 52:10 separating 79:23 Series 4:20	service 11:12 71:24 services 10:17 12:23,24 13:3,4 13:13,15 41:3 43:12 53:20 71:11,15,17 107:2,15,15,24 108:8 109:22 109:24 110:4,7 110:10,12,16 set 115:14 118:7 settlement 9:6 seven 75:14 123:23 seven-figure 113:23 shape 6:16 shared 12:22 13:14 41:2 43:12 53:20 54:18 109:22 110:7 sheet 120:13,20 sheets 80:6,8 shocked 73:22 short 6:12 short-term 86:7 shorthand 1:24 137:2,7,25 shortly 116:11 show 28:8 117:5 showing 44:4 45:20 53:19 76:20 shows 45:25 side 85:11 96:15 sides 43:2 sign 85:1 signatures 22:24 86:18 signed 84:22 significance 128:11 significant 12:2	12:10 45:21 signing 86:14 signs 80:5 similar 8:7 13:4 13:16 74:9 82:24 107:12 107:19 single 23:15 29:21 32:17 34:12 36:8 62:14 123:22 sir 4:4 17:18 18:4 28:11,15 33:10 46:17 48:17 67:2,19 76:14 81:8 83:20 89:18 127:5 129:15,17 130:2 132:14 133:5,9 sister 97:9 sit 89:11 sitting 16:3,24 17:3,14 42:14 44:20 63:24 96:11 102:18 103:6 104:15 131:24 133:10 133:19 situation 31:22 69:23 93:1 situations 31:23 32:3 34:5 smart 17:18 50:7 SMU 4:15,17 solvency 87:6 solvent 87:2,5 somebody 35:19 somewhat 128:20 soon 118:10 132:21 sophisticated 44:21 sorry 9:20 22:19 24:22 41:21	45:24 47:20 55:21 57:19 58:25 63:16 76:16 78:14 88:22 99:8 108:11 129:14 129:20 sort 53:6 97:8 102:23 sought 87:25 sounds 50:10 80:21 81:19 82:17 source 64:6 speak 81:13 speaking 30:4 40:16 77:22 108:18 speaks 50:15 specific 8:6 14:4 28:20 31:22 34:11 38:3 42:15,18 50:25 51:1 52:23 58:4 68:17 91:24 95:13 103:14 112:23 123:17 129:25 specifically 4:23 15:10 34:24 39:10 42:8 51:24 52:13 56:7,12 62:13 67:20 69:14 71:14 74:6 81:13 83:11 86:4 87:11,24 92:13 93:8 94:22 98:21 112:20 115:10 118:16 specificity 34:24 36:7 42:11 53:13 82:16 96:14 102:24	105:14 specifics 14:24 93:18 specify 93:7 speculate 15:4 29:2 32:11 73:25 speculating 28:25 41:11 44:3 speculation 29:1 29:3,6 83:6 113:19 speed 106:24 spelled 37:24 split 108:16 spoke 18:10,19 101:6,9 spoken 18:13,15 spreadsheet 54:14 stake 18:1 stamp 117:17 standard 84:4,6 86:9,9 standpoint 92:18 135:6 STANG 2:10 start 27:7 47:17 95:19 111:17 started 5:7 10:5 101:17 108:23 starting 5:6 state 1:23 4:4,19 51:12 114:10 138:1 stated 137:9 statement 26:7 119:14 statements 36:17 116:14,18,24 119:8,19,22 120:1 STATES 1:1 step 32:9 68:25
--	--	--	---	--

David Klos - October 27, 2021

134:5,5 Stinson 2:17 95:23 stood 87:11 Stoops 7:23 stop 21:10 65:9 94:15 100:13 street 1:25 2:4 10:17 82:3 strike 23:6 32:19 33:15 37:10 52:16 54:22 63:25 67:4 120:15 125:16 string 118:4 127:5 strong 73:11 92:17 structure 14:8 30:6 struggle 64:11 128:15 131:13 struggling 45:2 50:6,7 88:25 99:25 subject 108:10 Subscribed 135:24 subsequent 96:4 96:7,23 102:9 102:12 103:2 116:17 119:10 119:13 120:1,7 substance 19:1 98:6,9 substantially 16:2 substantive 97:1 sue 82:11 suggested 55:1 suggesting 62:22 128:9 Suite 2:4,17 138:2 sum 113:24	summary 21:7 supervision 137:11 support 87:20 supporting 12:9 72:3 suppose 31:18 50:3 85:11 95:10 sure 5:7 6:2 19:4 20:1 26:6 27:21 31:23 37:22 44:7,8 47:19 49:18 51:13 55:21 58:8 61:11,25 64:3,3 65:11,14 66:19 74:24 85:12 95:12 97:24 99:10 100:22 103:6 106:15 125:9 127:4 128:25 129:1 135:15 surely 128:22 129:3 surprised 130:14 suspect 55:10 68:14 123:19 suspend 111:14 switch 65:8 sworn 1:19 4:2 137:4 <hr/> T <hr/> take 12:22 14:5 16:8 18:9 23:12 68:24 71:16 117:21 118:17 taken 1:20 87:14 137:7 takes 16:5 17:5,9 talk 12:14 18:12 21:21 54:3 98:15 122:14	talked 19:15,24 69:13 94:4 103:3 talking 27:12 32:16,20 54:1 88:15 98:19 102:13 103:2 117:16 121:5 122:6 127:6 talks 129:16 130:22 tax 73:7 107:6,6 107:19 team 6:5,15 10:5 11:3 25:14,22 32:13,16,19 35:16 43:6,9 57:1 60:16 61:14 62:6,14 62:15 64:17 73:20 84:2 85:9 85:17 101:11 108:9 109:7 115:8,11,12,13 technical 78:6 technically 4:20 36:23 37:12 teeing 26:6 tell 7:11 14:18 24:22 28:4 34:2 34:7 36:25 44:2 52:7 53:11 55:17 56:3 58:23 59:5,14 69:16 71:16 83:17 93:4 103:6 105:13 106:10 112:13 112:25 113:2 115:20 116:2,6 116:22 119:12 120:6,18 122:9 126:7,12 137:4 telling 56:14 58:14 68:15	tells 43:18 55:25 94:23 temporarily 76:12 tend 109:1 term 7:16 8:1 9:3 24:10 45:1 47:21 86:3 88:15 98:17 104:1,2,5,7,8 107:25 108:1 124:10,11,13 125:7,13,25 126:10,13 134:21,21 terminology 98:14 terms 6:19 9:23 10:11 18:13,15 19:23 22:20 26:6 35:16 43:14 61:4 92:11 93:4 107:14,19 testified 4:2 41:23 99:18 100:14 124:2 testify 16:15,19 testimony 35:24 62:9 79:12 98:16 100:22 100:23 137:9 Texas 1:2,23,25 4:19 81:22 82:1 82:9,16,21 135:25 138:1 thank 95:14 96:1 109:16,17 124:19 135:8 thanks 100:12 Thedford 23:2 thereto 137:21 thing 33:22 53:6 59:18 84:13 things 10:1 25:25	57:3 79:14 122:5 think 6:9 7:2 15:18 16:3 18:18 26:14 30:15 31:6,8,22 32:9 36:16,19 39:21 41:1,10 50:15 53:2 58:12,22 59:4 59:11 64:6 65:6 65:7,8 75:2,13 78:6 79:16 80:24 84:15 85:23 86:10,15 87:21 88:13 95:9 97:19 99:14 101:5,9 103:11 105:3 105:25 106:17 107:9,22 108:4 108:6 111:17 113:7,14,24 123:24 thinking 57:4 117:11 129:7 Third 2:10 73:6 third-party 10:16 11:12 thousand 92:6 threatened 5:2 three 5:9 6:12 97:12 102:11 124:10,11,13 124:24 125:2 throw 104:1 Thursday 19:14 Tim 106:17 time 4:24 5:15 6:21,23 7:9,11 7:12,15 8:10,14 8:24 10:2,4 12:6,10 16:14 24:6,8 25:1 28:21 29:25
--	---	---	---	---

David Klos - October 27, 2021

36:23 37:12,18 39:11 41:4,12 42:5,12 43:22 43:22 44:19 47:13 49:4 52:14 53:2,8,14 53:15 54:21 56:16 59:23 60:2,10 62:5 63:2 65:12 66:11 74:10,20 79:4 80:15 83:23 84:12 86:23 89:10,16 92:10 93:5 95:12 101:13 108:24,25 109:6,16 111:12 112:14 113:17 116:2 122:18 123:18 129:2,7 134:12 135:1 137:8 timely 44:9 51:15 51:17 times 7:5 32:15 61:20 63:8 76:19 92:6 timing 15:24 title 5:15,16 6:22 7:1 10:9,11 12:16 13:7 26:14 titles 10:11 78:18 today 5:21 14:3 15:12 16:3,13 16:16,19,24 17:3,14 20:5 42:14 44:20 57:5 63:25 65:6 95:25 96:11 102:18 103:6 104:15 131:24 133:11,19 today's 47:6	told 39:21 42:14 43:4 52:11,11 52:19 53:12 55:9 60:21 61:23 62:13,14 62:15 68:12 69:9 70:9 85:19 91:8 95:1 97:25 98:2 100:25 103:7 118:16 118:23 122:11 122:23 tomorrow 79:11 132:22 top 107:9 127:7 topic 96:2 98:3 topics 20:11 103:25 106:23 total 116:15 totaling 119:24 touched 98:16 track 111:2 129:1 tracker 118:10 tracking 39:15 transaction 34:13 70:21 76:9 115:21 116:7 118:24 transcript 135:14 135:17 137:13 transfer 29:9 30:2 31:8,20 32:8 34:19 36:1 40:22 41:16 69:2,10 76:15 77:4,18 85:16 90:12 91:22,23 92:9 93:3 115:8 transferred 30:20 75:24 77:10 78:18 79:13 transferring 34:8 35:11 39:22 42:4 75:9	transfers 28:9,18 28:19,22 30:24 32:22 35:4,10 38:3 42:9 94:7 transitioned 109:1,6 transparent 115:17 Treasurer 121:11 treasury 9:6 107:6 treated 35:5 trigger 104:2,10 104:21 triggered 104:11 104:17 triggers 14:25 107:17 trouble 62:19 true 29:6 88:9 135:24 trust 15:16 17:10 17:15 18:6 trusts 26:16 65:23 108:21 truth 137:5,5,5 truthful 100:22 truthfully 16:16 16:19 try 62:23 106:24 trying 17:18 27:21 30:23 50:6 67:14 98:3 100:11 104:22 130:20 132:9 133:8 turn 114:15 123:25 turned 76:4 81:15 two 9:7 15:12 29:14 36:20 45:13 65:10 66:20 77:12	83:8 85:1 86:12 87:24 94:19 95:10 105:4,25 106:24 107:24 119:24 121:18 122:12 127:25 129:4 134:22 two-paragraph 84:12 TX 2:4,18 138:2 type 98:12 types 13:4 78:13 84:1 107:12,15 107:17 114:20 typewriting 137:10 typical 84:7 <hr/> U Uh-huh 7:18 13:23 47:7 75:11 127:9 ultimate 16:12 17:8,10 ultimately 11:4 39:19 64:18 73:9 um 63:13 unable 89:3,14 undergrad 4:15 Undergraduate 4:14 understand 14:14 15:19 17:14 18:19 30:23 47:4 51:8 61:11 62:8 66:4 67:25 68:2 88:25 96:17 97:24 98:8 106:3 118:12 118:15 124:14 132:1 understanding 19:11 20:11,13	37:17 48:19 49:18 51:12,14 54:17,22,23 56:21 61:12,22 70:18 72:7,10 75:7 79:4 87:1 87:9 91:11 97:6 98:23 101:12 101:18,19 102:2 112:19 121:9 124:3,15 133:11,20,25 134:2,6 understood 52:2 63:12 95:4 102:25 unfair 34:17 unfamiliar 80:21 UNITED 1:1 unpaid 46:15,24 47:2,20 48:15 48:15 49:4 131:15,16 unscheduled 38:23 64:7,23 75:18,20 upcoming 25:25 updated 54:15 upfront 85:11 use 14:19 56:25 70:23 81:17 108:20 usually 31:15 33:16 utilized 71:17 <hr/> V valid 39:3 valuation 5:17,19 5:24 6:2,15 9:14 10:7,9,14 10:15,24 11:3,7 11:12 71:11,15 71:17,25 72:1 72:13,14,21
---	---	---	---	---

David Klos - October 27, 2021

107:6 valuations 11:4 value 11:14 71:16 valuing 10:19 variety 107:16 various 25:23 79:14 vary 17:12 verbatim 94:17 verbiage 132:25 verify 27:24 versus 87:12 videoconference 1:19 2:6,13,19 videotape 21:18 view 131:10 virtually 44:5 vis-a-vis 15:16 voluntary 37:24 vs 1:8	Waterhouse 8:17 11:1 13:25 20:9 30:13,14,19 39:25 41:14 42:3,7 43:24 52:7,11,18,24 53:11 54:15,19 54:25 55:17,25 60:20 61:23 62:9 65:3 69:9 77:17 78:2,20 84:23 85:1,19 86:14 91:8 94:6 100:25 103:3 103:13 115:5 115:25 116:2 116:22 118:19 118:23 121:6 122:9 124:4,8 125:11,22 126:15 127:13 127:16 Waterhouse's 21:1,19 127:10 waters 43:14 way 6:16 20:12 22:22 31:15 34:3 35:17,22 48:24 54:1 63:8 69:6 72:15,17 76:10 82:19 87:18 92:1,1,1 92:2 93:24 94:6 95:3 97:5 102:23 114:10 121:5 137:19 ways 38:21 we'll 20:1 54:3 125:7 132:17 132:21 we're 12:8 27:12 32:15 43:11,12 64:1 65:8,9,10 65:12 79:22 80:4 117:17,18	121:5 122:6 we've 19:24 75:13 78:12 wearing 43:15 week 36:20 83:7 weekly 25:24 43:5,24 63:19 129:8,10 weeks 59:5 welcome 117:19 127:7 went 4:14 58:17 81:17 85:14 101:18 weren't 61:21 80:16 88:7 97:15 101:20 whatsoever 63:20 wherewithal 93:24 wind 16:5 17:5 winding 15:2,22 wire 59:17 61:19 118:7 withdrawn 91:19 110:11 111:15 113:1,7,8 124:10,12 within-entitled 137:6 witness 1:19 9:2 11:19 12:1 13:2 14:14 19:12 21:4 22:1,10,17 23:12 25:5,13 27:6 29:12 33:2 34:1,23 35:15 36:6 37:22 38:19 39:9 40:5 40:16 41:18,21 43:1,21 44:18 45:1,11,19 46:23 48:10,24 49:17 50:3,15	51:7 52:23 53:25 54:9 55:5 55:14,21 56:12 57:10 60:14 61:3 63:7 64:11 65:21 66:2,9,17 69:22 71:5,14 71:22 76:21 77:22 78:6,25 79:7,21 81:4,13 81:25 82:15 83:15 85:22 87:5 88:20 89:7 90:16 91:5,11 93:15 94:10 95:15 99:6,25 100:7,13,21 101:5 102:2,17 103:17 104:20 108:4 109:17 111:10 112:5 112:11 113:21 117:1 119:10 119:17 120:10 120:22 128:15 130:9,18 131:7 131:13,23 133:16,24 134:10,19 135:4,9 137:3 137:10 word 56:25 133:11,20 words 10:24 36:7 52:16,24 94:19 work 5:5 10:19 worked 5:8 11:22 62:4 working 5:7,11 12:5 world 108:23 116:3,7 118:22 119:2,12 120:6 120:18 worth 34:10	worthiness 90:11 wouldn't 25:13 38:10 43:8 56:22,23 60:16 64:8,20 77:24 86:24 87:17 99:15 write 128:3,5 writes 127:13 writing 103:21 103:24 113:9 125:22 126:18 written 35:2,6 66:6 wrong 55:1 82:18 82:22 88:22 89:19 wrote 67:21 70:12 www.dickman... 138:4
W				X
want 16:24 44:10 54:4 63:8 90:6 95:18 96:19 98:15 100:10 101:14 104:1 117:9 134:19 135:13,16 wanted 24:17 34:3 96:2 wants 90:16,20 90:22 wasn't 23:24 24:1 31:20 37:18 38:5 50:4 51:11,15,16 53:4 57:1,3 59:20 60:15 62:6 70:17 72:19 73:3,3 75:2 101:11 103:17 108:12 129:10				Y
				y'all 95:2 Yang 106:15 yeah 6:23 8:2 14:21 15:23 19:17 23:2 29:12,20 35:15 37:22 43:1 55:14 56:24 59:2 60:14 61:3 63:7,8,12,18 66:17 67:9 71:5 83:24 89:7 91:11 94:10 96:10 98:20 99:25 101:5 102:2 124:15 125:1 135:19 year 6:1 9:25 29:22 49:21 111:1,8,12,13

David Klos - October 27, 2021

113:4 123:17 126:5,15,22 years 5:9 6:17 15:12 24:10,17 30:18 32:21 33:20 34:17 39:14 48:7 65:17 66:3 69:18 94:20 95:3,11 123:23 years' 34:10 yes-or-no 94:12 York 2:11 132:21	46:12 49:10 114:1 129:12 129:14 13-week 126:3 14 27:15,17,23 36:12 40:20 42:17 44:13,22 48:12 49:1 58:25 59:23 60:2,23 61:18 64:2,5 15 61:7 15(c) 80:9 121:4 127:6 128:17 16 8:9 31:18 127:2 17 8:10 18 8:10 19 8:24 45:24 49:2 1982 4:10	200 12:6 2009 5:12,15 6:3 6:3 29:24,25 122:17 2010 6:9 106:13 123:18 2011 6:10,21 106:13 123:18 2012 123:18 2017 6:22 22:13 23:7 24:8,18 88:22 105:12 124:25 2018 116:14 119:14 120:2 2019 8:11,14 9:10 9:13 10:6 11:10 11:16,21 27:14 28:9 29:8,17,21 29:25 31:18 35:8 36:15,22 40:21 41:1,13 42:8,16,16 44:13,13 45:23 45:24 65:13,15 66:11 75:14 78:20 80:6,19 87:2,9,13 88:9 88:14 89:2,17 91:21 92:8 93:2 93:11 105:13 110:20 111:6 111:12,21 112:2,6,8 114:23 115:9 121:7 2020 7:13,22 24:20,24 51:10 51:15,22 53:18 54:24 56:17,22 57:6,13,17,22 60:20 61:21 63:19 98:18,24 99:19 100:15 101:2 102:14	102:17,17 103:23 112:17 113:2,4,12 120:24 121:7 121:21 124:1,9 125:12,24 126:10 127:11 128:23 129:3 2021 1:15,21 13:24 58:25 59:23 60:2 61:8 87:16 88:1 112:22,25 113:3,10,16 126:8,13 128:2 129:4 136:1 137:22 21-03004-sgj 1:8 214 138:3 23-point 45:20 23.034- 45:21 24.7- 46:10 27 1:15,21 4:20 29 37:6	51:10,15 56:17 56:22 57:6,13 57:17,21 58:7,9 60:25 87:15 88:1 98:18,24 120:2 124:25 3102 2:17 312 138:1 338- 37:8 34th 2:11 3763 83:15 3800 2:4 38th 1:25 398,000 85:23
Z zero 46:8 49:6 80:1 ZIEHL 2:10	16 8:9 31:18 127:2 17 8:10 18 8:10 19 8:24 45:24 49:2 1982 4:10	200 12:6 2009 5:12,15 6:3 6:3 29:24,25 122:17 2010 6:9 106:13 123:18 2011 6:10,21 106:13 123:18 2012 123:18 2017 6:22 22:13 23:7 24:8,18 88:22 105:12 124:25 2018 116:14 119:14 120:2 2019 8:11,14 9:10 9:13 10:6 11:10 11:16,21 27:14 28:9 29:8,17,21 29:25 31:18 35:8 36:15,22 40:21 41:1,13 42:8,16,16 44:13,13 45:23 45:24 65:13,15 66:11 75:14 78:20 80:6,19 87:2,9,13 88:9 88:14 89:2,17 91:21 92:8 93:2 93:11 105:13 110:20 111:6 111:12,21 112:2,6,8 114:23 115:9 121:7 2020 7:13,22 24:20,24 51:10 51:15,22 53:18 54:24 56:17,22 57:6,13,17,22 60:20 61:21 63:19 98:18,24 99:19 100:15 101:2 102:14	21-03004-sgj 1:8 214 138:3 23-point 45:20 23.034- 45:21 24.7- 46:10 27 1:15,21 4:20 29 37:6	3102 2:17 312 138:1 338- 37:8 34th 2:11 3763 83:15 3800 2:4 38th 1:25 398,000 85:23
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1 1 8:11 24:20,23 66:24 67:2,7 80:3 113:10 126:8,12 137:22 1-31-23 138:4 1-4 27:17 1-6 127:3 1.3 28:13,14 1.4 58:25 10 19:6 32:21 33:20 34:10,17 69:18 95:3 123:19 100 15:25 10017-2024 2:11 101 138:2 109 3:5 11 123:19 127 3:6 13 23:8 27:9	2 2 66:24 67:2,7 73:25 76:3 80:4 85:23 87:9,13 92:8 114:23 115:9 2.03- 46:9 2.1 28:14 45:25 46:3 49:1,8 130:22 131:8 2.1- 46:5,7 2.4 68:7 69:2 70:7,19,23 72:7 73:18 75:22 76:3 77:10,18 78:9 85:18,20 91:22 92:8,15 115:8 116:3,23 2.4- 70:21 73:23 77:4 85:24 86:13 90:6 2:30 1:22 20 8:24 24:17	200 12:6 2009 5:12,15 6:3 6:3 29:24,25 122:17 2010 6:9 106:13 123:18 2011 6:10,21 106:13 123:18 2012 123:18 2017 6:22 22:13 23:7 24:8,18 88:22 105:12 124:25 2018 116:14 119:14 120:2 2019 8:11,14 9:10 9:13 10:6 11:10 11:16,21 27:14 28:9 29:8,17,21 29:25 31:18 35:8 36:15,22 40:21 41:1,13 42:8,16,16 44:13,13 45:23 45:24 65:13,15 66:11 75:14 78:20 80:6,19 87:2,9,13 88:9 88:14 89:2,17 91:21 92:8 93:2 93:11 105:13 110:20 111:6 111:12,21 112:2,6,8 114:23 115:9 121:7 2020 7:13,22 24:20,24 51:10 51:15,22 53:18 54:24 56:17,22 57:6,13,17,22 60:20 61:21 63:19 98:18,24 99:19 100:15 101:2 102:14	21-03004-sgj 1:8 214 138:3 23-point 45:20 23.034- 45:21 24.7- 46:10 27 1:15,21 4:20 29 37:6	5 5 74:7,8,24 75:4 75:23 77:4,11 77:18 78:3 79:22 80:2 81:18 82:25 85:4 86:13 91:22 93:3 114:16 118:8 118:13,24 119:7,14 5- 76:5 90:1 5,019,000 75:3 5.2 80:19 5:00 95:19 5:14 1:22 135:21 500 1:24 2:3 500,000 123:9,12
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David Klos - October 27, 2021

<p>600,000 76:6,7 630,000 28:14 66,000 46:7 49:4 49:5,7</p> <hr/> <p>7</p> <hr/> <p>7 58:11,15 7.4 75:9 78:22 79:12 89:2 90:17,20,22,24 119:25 122:5 7.4 89:19 91:13 75 18:1 750,000 28:13 37:6 75201 2:4 75206 138:2 75219 2:18 777 2:17 780 2:10</p> <hr/> <p>8</p> <hr/> <p>80 15:25 800 138:3 855-5100 138:3</p> <hr/> <p>9</p> <hr/> <p>9 19:5 95 3:4</p>				
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EXHIBIT 196

Case 21-03003-sgj Doc 11-17 Filed 03/30/21 Entered 03/30/21 11:24:52 Page 2 of 2

December 2019 Due From Affiliates

14585 DUE FROM HUNTER MOUNTAIN INVESTMENT TRUST	\$	57,963,118
14532 DUE FROM NEXPOINT ADVISORS		23,034,644
14750 LONG TERM NOTES RECEIVABLE		18,286,268
14531 DUE FROM HIGHLAND CAPITAL MANAGEMENT FUND ADVISORS		10,413,540
14533 DUE FROM HCRE PARTNERS		10,192,686
14565 DUE FROM OTHER - TAX LOANS		9,946,805
14530 DUE FROM HIGHLAND CAPITAL MANAGEMENT SERVICES		7,543,781
14590 DUE FROM OTHER AFFILIATE		5,088,256
14595 DUE FROM HIGHLAND CAPITAL KOREA		3,132,278
14140 SHARED SVCS FEE RECVBL - PYXIS		298,283
14010 CASH INTEREST RECEIVABLE		285,626
14580 DUE FROM NEXBANK		60,000
Total Due From Affiliates	\$	146,245,285

EXHIBIT 197

Case 21-03003-sgj Doc 11-19 Filed 03/30/21 Entered 03/30/21 11:24:52 Page 2 of 2

September 2020 Due From Affiliates

14585 DUE FROM HUNTER MOUNTAIN INVESTMENT TRUST	\$ 57,963,118
14532 DUE FROM NEXPOINT ADVISORS	23,610,195
14750 LONG TERM NOTES RECEIVABLE	18,286,268
14531 DUE FROM HIGHLAND CAPITAL MANAGEMENT FUND ADVISORS	10,635,564
14533 DUE FROM HCRE PARTNERS	10,436,597
14565 DUE FROM OTHER - TAX LOANS	8,929,625
14530 DUE FROM HIGHLAND CAPITAL MANAGEMENT SERVICES	7,518,692
14590 DUE FROM OTHER AFFILIATE	5,088,256
14595 DUE FROM HIGHLAND CAPITAL KOREA	3,832,358
14536 DUE FROM SELECT	3,000,000
14010 CASH INTEREST RECEIVABLE	2,718,375
14140 SHARED SVCS FEE RECBL - PYXIS	308,093
14137 SHARED SVCS FEE RECBL - OSLI	122,000
14580 DUE FROM NEXBANK	60,000
14148 SHARED SVCS FEE RECBL - RAND ADVISORS	40,182
14142 SHARED SVCS FEE RECBL - HCLOH	24,592
14535 DUE FROM HERA	10,676
Total Due From Affiliates	\$ 152,584,592

EXHIBIT 198

Case 21-03003-sgj Doc 11-21 Filed 03/30/21 Entered 03/30/21 11:24:52 Page 2 of 2

January 2021 Due From Affiliates

14585-DUE FROM HUNTER MOUNTAIN INVESTMENT TRUST	\$ 59,480,100
14532-DUE FROM NEXPOINT ADVISORS	23,034,644
14750-LONG TERM NOTES RECEIVABLE	18,286,268
14531-DUE FROM HIGHLAND CAPITAL MANAGEMENT FUND ADVISORS	10,635,564
14533-DUE FROM HCRE PARTNERS	10,604,952
14565-DUE FROM OTHER - TAX LOANS	8,929,625
14530-DUE FROM HIGHLAND CAPITAL MANAGEMENT SERVICES	7,518,692
14536-DUE FROM SELECT	4,818,153
14595-DUE FROM HIGHLAND CAPITAL KOREA	3,832,358
14590-DUE FROM OTHER AFFILIATE	2,651,256
14010-CASH INTEREST RECEIVABLE	1,111,875
14140-SHARED SVCS FEE RECVBL - PYXIS	894,280
14146-SHARED SVCS FEE RECVBL - NEXPOINT	336,000
14149-SHARED SVCS FEE RECVBL - NREA	160,000
14137-SHARED SVCS FEE RECVBL - OSLI	122,000
14580-DUE FROM NEXBANK	80,000
14142-SHARED SVCS FEE RECVBL - HCLOH	31,179
14535-DUE FROM HERA	10,676
Total Due From Affiliates	\$ 152,537,622

EXHIBIT 199

Loan Summary		
HCMLP to HCMSI (GL 14530) - Outstanding Loans	Date	Principal Amount
HCMSI Restructure	5/31/2017	6,572,061
HCMSI #46	3/26/2018	158,777
HCMSI #47	6/25/2018	212,403
HCMSI #48	5/29/2019	409,586
HCMSI #49	6/26/2019	153,565
BW Salary Recievable	12/31/2019	12,301
	Sub-total	7,518,692
Total HCMSI Debt to HCM Outstanding		7,518,692
Total HCMSI Debt per GL		7,518,692
	Reconciled Total	7,518,692
	Unreconciled Difference	-
HCMLP to HCMFA (GL 14531) - Outstanding Loans	Date	Principal Amount
HCMFA #2	2/26/2014	2,092,825
HCMFA #5	2/26/2016	965,395
HCMFA #6	5/2/2019	2,457,517
HCMFA #7	5/3/2019	5,119,827
	Sub-total	10,635,564
Total HCMFA Debt to HCM Outstanding		10,635,564
Total HCMFA Debt per GL		10,635,564
	Reconciled Total	10,635,564.44
	Unreconciled Difference	-
HCMLP to NexPoint Advisors (GL 14532) - Outstanding Loans	Date	Principal Amount
NexPoint Restructure	5/31/2017	23,034,644
	Sub-total	23,034,644
Total NexPoint Debt to HCM Outstanding		23,034,644
Total NexPoint Debt per GL		23,034,644
	Reconciled Total	23,034,644
	Unreconciled Difference	0.00
HCMLP to HCRE (GL 14533) - Outstanding Loans	Date	Principal Amount
HCRE #9	11/27/2013	-
HCRE Restructure	5/31/2017	5,829,776
HCRE #10	10/12/2017	3,149,919
HCRE #11	10/15/2018	874,978
HCRE #12	9/25/2019	750,279
	Sub-total	10,604,952
Total HCRE Debt to HCM Outstanding		10,604,952
Total HCRE Debt per GL		10,604,952
	Reconciling Items Compound Interest	-
	Reconciled Total	10,604,951.61
	Unreconciled Difference	0.01
HCMLP Partner Tax Loans (GL 14565) - Outstanding Loans	Date	Principal Amount
Dondero #4	2/2/2018	3,687,270
Dondero #5	8/1/2018	2,619,929
Dondero #6	8/13/2018	2,622,426
	Sub-total	8,929,625
Total Partner Debt to HCM Outstanding		8,929,625
Total Partner Debt per GL		8,929,625
Reconciling Items		
	Reconciled Total	8,929,624.74
	Unreconciled Difference	-
Get Good Loan (GL 14750) - Outstanding Loans	Date	Principal Amount
Dugaboy Restructure	5/31/2017	18,286,268
	Sub-total	18,286,268
Total Partner Debt to HCM Outstanding		18,286,268
Total Partner Debt per GL		18,286,268
Reconciling Items		
	Reconciled Total	18,286,268.16
	Unreconciled Difference	-

EXHIBIT 208

From: Kristin Hendrix <KHendrix@HighlandCapital.com>
To: Jim Dondero <JDondero@HighlandCapital.com>
Cc: Frank Waterhouse <FWaterhouse@HighlandCapital.com>
Subject: 7/31/2020 HCMLP Requests
Date: Sat, 29 Aug 2020 14:47:29 -0500
Importance: Normal
Attachments: HCMLP_07_31_2020_SOI.pdf; HCMLP_Notes_Receivable_07_31_2020.pdf;
HCMLP_Equity.pdf
Inline-Images: image001.jpg

Hi Jim,

Please see attached data you had requested for HCMLP.

- 7/31/2020 SOI
- 7/31/2020 affiliate notes
- Oct 2019 – July 2020 equity balances

Please let us know if you have any questions or need anything else.

Thanks,

Kristin

Kristin Hendrix, CPA | Assistant Controller



300 Crescent Court | Suite 700 | Dallas, Texas 75201

O: 972.628.4127 | F: 972.628.4147

khendrix@highlandcapital.com | www.highlandcapital.com

Highland Capital Management, LP
Schedule of Investments, net

[illegible]

HCMLP Notes Receivable

As of 7/31/2020

NexPoint Advisors	\$ 23,846,944	30 yr Amort (issued 2017)
Dugaboy	17,788,532	30 yr Amort (issued 2017)
Highland Capital Management Services	6,677,529	30 yr Amort (issued 2017)
HCRE	5,938,670	30 yr Amort (issued 2017)
Trussway	1,004,993	Due upon maturity - 11/1/2021
SSP Holdings, LLC	2,037,898	Due upon maturity - 11/22/2022
Siepe	2,334,606	Equity conversion option
Highland Capital Management Fund Advisors	10,530,971	Demand
James Dondero	8,911,977	Demand
Multi-Strategy Credit Fund	1,269,000	Demand
HCRE	4,859,929	Demand
Highland Select Equity Fund	3,000,000	Demand
Highland Capital Management Korea	3,760,000	Due upon maturity - 4/21/2037
Highland Capital Management Services	934,331	Demand
Total Notes Receivable	\$ 92,895,380	

Demand 29,506,208

EXHIBIT 209

From: Kristin Hendrix <KHendrix@HighlandCapital.com>

To: Jim Dondero <JDondero@HighlandCapital.com>

Cc: Frank Waterhouse <FWaterhouse@HighlandCapital.com>, David Klos
<DKlos@HighlandCapital.com>

Subject: RE: HCMLP Schedule of Investments

Date: Mon, 27 Apr 2020 18:21:21 -0500

Importance: Normal

Attachments: HCMLP_03_31_2020_SOI.pdf; Look_through_of_HF_interests_3.31.20.pdf;
HCMLP_Notes_Receivable_&_Other_Net_Working_Capital_Listing_03_31_2020.pdf;
HCMLP_Internal_Jefferies_4.24.20.pdf

Inline-Images: image001.jpg; image002.jpg

Jim,

Revised schedules are attached with the latest updates.

Thanks,

Kristin

From: Kristin Hendrix

Sent: Monday, April 27, 2020 5:25 PM

To: Jim Dondero

Cc: Frank Waterhouse ; David Klos

Subject: RE: HCMLP Schedule of Investments

Jim,

Attached are updated files, per your earlier conversation with Dave and Frank. Let us know how else we can help.

Thanks,

Kristin

From: Kristin Hendrix

Sent: Monday, April 27, 2020 3:20 PM

To: Jim Dondero <JDondero@HighlandCapital.com>

Cc: Frank Waterhouse <FWaterhouse@HighlandCapital.com>; David Klos
<DKlos@HighlandCapital.com>

Subject: HCMLP Schedule of Investments

Hi Jim,

I hope you are doing well!

We are sending over a HCMLP SOI, as of 3/31, along with a look through detail to the hedge fund ownership. Please note that the HCMLP investments held at Jefferies are shown gross of their borrow. I have noted those on the schedule. Let us know if you have any questions.

Thanks,

Kristin

Kristin Hendrix, CPA | Senior Manager, Corporate Accounting



300 Crescent Court | Suite 700 | Dallas, Texas 75201

O: 972.628.4127 | F: 972.628.4147

khendrix@highlandcapital.com | www.highlandcapital.com



Highland Capital Management, LP
Schedule of Investments and Other Net Assets
As of March 31, 2020

[illegible]

D-UDFS-001705

HCMLP Notes Receivable - Principal
As of 3/31/2020

NexPoint Advisors	\$ 23,034,644
Dugaboy	18,286,268
Highland Capital Management Fund Advisors	10,458,220
HCRE	10,192,686
James Dondero	8,834,770
Highland Capital Management Services	7,499,238
Multi-Strategy Credit Fund	5,019,000
Highland Select Equity Fund	3,000,000
SSP Holdings, LLC	2,000,000
Siepe	1,672,321
Trussway	1,000,000
Total Notes Receivable	\$ 90,997,147

[REDACTED]

[REDACTED]

Region	Country	Year	Population (millions)	Urban population (millions)	Urban population (%)	Population density (per sq km)	Population density (per sq mile)
Africa	Algeria	1980	11.0	4.0	36.4	280	728
	Algeria	1985	11.5	4.5	39.1	290	750
Asia	China	1980	954.0	214.0	22.4	120	311
	China	1985	1,059.0	240.0	22.7	125	324
Europe	France	1980	54.0	34.0	62.9	100	260
	France	1985	55.0	35.0	63.6	102	264
Latin America	Brazil	1980	120.0	60.0	50.0	24	62
	Brazil	1985	125.0	65.0	52.0	25	65
North America	USA	1980	226.0	170.0	75.2	30	78
	USA	1985	233.0	175.0	75.1	31	80
Oceania	Australia	1980	15.0	10.0	66.7	2	5
	Australia	1985	16.0	11.0	68.8	2	5

D-UDFS-001707

EXHIBIT 210

PACHULSKI STANG ZIEHL & JONES LLP
Jeffrey N. Pomerantz (CA Bar No. 143717)
John A. Morris (NY Bar No. 266326)
Gregory V. Demo (NY Bar No. 5371992)
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hwinograd@pszjlaw.com

-and-

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ZAnnable@HaywardFirm.com

Counsel for Highland Capital Management, L.P.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

HIGHLAND CAPITAL MANAGEMENT, L.P.,

Plaintiff,

VS.

JAMES DONDERO, NANCY DONDERO, AND THE
DUGABOY INVESTMENT TRUST,

Defendants.

Adv. Proc. No. 21-03003-sgj

Case No. 3:21-cv-01010-E



[illegible]

Adv. Proc. No. 21-3004

Case No. 3:21-cv-00881-X

Defendant.

Adv. Proc. No. 21-3005

Case No. 3:21-cv-00880-C

Defendants.

Adv. Proc. No. 21-3006

Case No. 3:21-cv-01378-N

Defendants.

HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
	§	
Plaintiff,	§	Adv. Proc. No. 21-3007
	§	
vs.	§	
	§	
HCRE PARTNERS, LLC (n/k/a NexPoint	§	Case No. 3:21-cv-01379-X
Real Estate Partners, LLC), JAMES	§	
DONDERO, NANCY DONDERO, AND	§	
THE DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	§	

**DECLARATION OF DAVID KLOS IN SUPPORT OF
HIGHLAND CAPITAL MANAGEMENT L.P.’S
MOTION FOR PARTIAL SUMMARY JUDGMENT IN NOTES ACTIONS**

I, David Klos, pursuant to 28 U.S.C. § 1746, under penalty of perjury, declare as follows:

1. I am the Chief Financial Officer (“CFO”) of the reorganized Highland Capital Management, L.P. (“Highland”), and I submit this Declaration in support of *Highland Capital Management, L.P.’s Motion for Partial Summary Judgment in Notes Actions* (the “Motion”). This Declaration is based on my personal knowledge. I could and would testify to the facts and statements set forth herein if asked or required to do so.

2. I joined Highland in 2009 and served as Controller from 2017 to 2020 and Chief Accounting Officer from 2020 to February 2021. At all relevant times, I reported to Frank Waterhouse until he left the company in February 2021. I was appointed CFO in March 2021 following confirmation of Highland’s Plan.¹

¹ Capitalized terms not defined herein shall have the meanings ascribed in the Motion.

A. NexPoint Advisors, LP's ("NexPoint") Prepayment Defense

3. I understand that NexPoint contends that it had no obligation to make the Annual Installment payment due on December 31, 2020 under the NexPoint Note because it “pre-paid.” Two documents show that NexPoint is mistaken.

4. The first document is the NexPoint Note, a true and correct copy of which is attached hereto as **Exhibit A**.² Under the NexPoint Note, NexPoint was required to make “Annual Installment” payments on December 31 of each year equal to (i) all unpaid accrued interest, *plus* (ii) 1/30th of the outstanding principal amount of the NexPoint Note. **Exhibit A ¶2.1.**

5. NexPoint was permitted to make “prepayments” under the NexPoint Note. Section 3 of the NexPoint Note sets forth NexPoint’s agreement concerning the treatment of “prepayments” and provides:

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. **Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.**

Exhibit A ¶ 3 (emphasis added).

6. The second relevant document is an amortization schedule (the “Amortization Schedule”) that was prepared and maintained in the ordinary course of Highland’s business, a true and correct copy of which is attached hereto as **Exhibit B**.³ I understand that the Amortization Schedule is the only document that NexPoint relies upon to support its “prepayment defense.”

7. The Amortization Schedule shows, among other things, the following:

² The NexPoint Note is also included as Highland’s Ex. 2 (Exhibit 1),

³ The Amortization Schedule is also included as Highland’s Ex. 200.

- The “Interest Accrual” column shows the periodic interest that accrued under the NexPoint Note between the dates described in the “Date” column;
- The “Total Paid” column shows the amount NexPoint paid against the NexPoint Note⁴; and
- The “Interest Paid” and “Principal Paid” columns show how each payment was applied.

8. As the Amortization Schedule shows, (a) between October 20, 2017 and August 13, 2019, NexPoint made twelve (12) payments that could broadly be characterized as unscheduled “prepayments” of principal and/or interest (the “Prepayments”)⁵, and (b) with one exception, each of the Prepayments was applied first to reduce or eliminate all accrued and outstanding interest and then to unpaid principal, as required by Section 3 of the NexPoint Note.⁶

9. As can also be seen on the Amortization Schedule, *notwithstanding the Prepayments*, NexPoint was still required to make additional payments against the NexPoint Note in December of 2017, 2018, and 2019, in order to reduce “Accrued Interest” to \$0 as of December 31 in each year⁷ as required by Section 2.1 of the NexPoint Note, which it did in each instance.

10. Indeed, even though NexPoint made six (6) Prepayments totaling \$6.38 million between March 29 and August 13, 2019, NexPoint was still required to pay \$530,112.36 to fully

⁴ Note that for the interest payment made December 30, 2019, interest of \$530,112.36 was paid in cash and is reflected on the “Interest Paid” column. The amount is omitted from the “Total Paid” column but has no bearing on the actual calculations contained in the Amortization Schedule. For avoidance of doubt, \$530,112.36 of interest was paid to Highland from NexPoint on December 30, 2019.

⁵ For the avoidance of doubt, NexPoint made the Prepayments on October 20, 2017, April 10, 2018, May 1, 2018, May 9, 2018, September 5, 2019, September 21, 2019, March 29, 2019, April 16, 2019, June 4, 2019, June 19, 2019, July 9, 2019, and August 13, 2019. *See generally* Ex. B.

⁶ The exception is the Prepayment made on May 9, 2018, which prepaid approximately six (6) months of future interest.

⁷ NexPoint made payments against the NexPoint Note on December 5, 2017, December 18, 2018, and December 30, 2019, respectively, which reduced “Accrued Interest” to \$0 as of December 31 in each of those years in order to comply with Section 2.1 of the NexPoint Note.

satisfy its obligation to make the unpaid interest portion of the Annual Installment payment due as of December 31, 2019, which it did.

11. As the Amortization Schedule shows, NexPoint did not make any Prepayments on account of the NexPoint Note in 2020. Thus, as of December 31, 2020, NexPoint was required to make an Annual Installment payment on December 31 equal to (i) all unpaid accrued interest, *plus* (ii) 1/30th of the outstanding principal amount of the NexPoint Note (the “2020 Annual Installment”). Exhibit A ¶2.1.

12. NexPoint knew the 2020 Annual Installment was due on December 31, 2020 because it was included in a 13-week forecast that Highland’s Corporate Accounting Group updated on a weekly basis and that was provided to (among others) Frank Waterhouse, NexPoint’s Treasurer and then Highland’s CFO. *See, e.g., Exhibit C* (a true and correct copy of a 13-week forecast prepared for the 13-week period commencing December 14, 2020) Exhibit C shows that Operating Receipts of \$2.051 million was due on December 28, 2020 in connection with “Interest Receipts on notes receivable,” an amount that included the Required Payment).⁸

13. NexPoint failed to make the 2020 Annual Installment due on December 31, 2020 as required under Section 2.1 of the NexPoint Note.

14. On January 14, 2021, after Highland sent notice of default, NexPoint paid Highland \$1,406,111.92. **Exhibit B** (entry dated 1/14/21).

B. Highland’s Loan Summaries

15. Highland’s accounting group has a regular practice of creating and maintaining “loan summaries” in the ordinary course of business (the “Loan Summaries”). The Loan

⁸ This 13-week forecast is also included as Highland’s Ex. 58 and is just an example. For years, the accounting group prepared a 13-week forecast that was updated weekly so that everyone knew what payments and receipts were anticipated.

Summaries identify amounts owed to Highland under affiliate notes and are created by updating underlying schedules for activity and reconciling with Highland's general ledger. Ex. 199 is an example of a Loan Summary. The Loan Summaries identify each Obligor by reference to the "GL" number used in the general ledger. *See* Ex. 199 (HCMS ("GL 14530"), HCMFA ("GL 14531"), NexPoint ("GL 14532"), HCRE ("GL 14533"), and Mr. Dondero ("GL 14565")).

16. The Loan Summaries were used in connection with the PwC audits and to support accounting entries and year-end balances in the ordinary course of Highland's business. For example, Ex. 199 ties exactly into Ex. 198, the "back up" to the "Due from affiliates" entry in the January 2021 MOR. **Docket No. 2020**.⁹

C. The Notes

17. In the ordinary course of business, Highland had (and continues to have) a regular practice of maintaining electronic copies of all promissory notes issued by any officer, employee, or corporate affiliate.

18. Attached as **Exhibit D** is a true and correct copy of a promissory note dated February 2, 2018, executed by James Dondero, as the maker, in the original principal amount of \$3,825,000 in favor of Highland that was and is maintained in Highland's books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the "First Dondero Note").

⁹ Colloquially, the Loan Summaries are the "back up" to the "back up." To illustrate, and working backwards, the January 2021 MOR reported that \$152,538,000 was "Due from affiliates." **Docket No. 2030** (balance sheet). Ex. 198 is the "back up" to the January 2021 MOR and it shows that \$152,537,622 was the "Total Due from Affiliates" (the January 2021 MOR rounded up to the nearest thousand). Ex. 199, the Loan Summary, is the "back up" to the "back up," and is reconciled with Highland's general ledger. As can be seen, the Loan Summary specifies the outstanding principal amounts due under each Note. Interest on these notes is accrued in a single account (general ledger account 14010).

19. Attached as **Exhibit E** is a true and correct copy of a promissory note dated August 1, 2018, executed by James Dondero, as the maker, in the original principal amount of \$2,500,000 in favor of Highland that was and is maintained in Highland's books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the "Second Dondero Note").

20. Attached as **Exhibit F** is a true and correct copy of a promissory note dated August 13, 2018, executed by James Dondero, as the maker, in the original principal amount of \$2,500,000 in favor of Highland that was and is maintained in Highland's books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the "Third Dondero Note," and together with the First Dondero Note and Second Dondero Note, the "Dondero Notes").

21. Attached as **Exhibit G** is a true and correct copy of a promissory note dated May 2, 2019, executed by HCMFA, as the maker, in the original principal amount of \$2,400,000 in favor of Highland that was and is maintained in Highland's books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the "First HCMFA Demand Note").

22. Attached as **Exhibit H** is a true and correct copy of a promissory note dated May 3, 2019, executed by HCMFA, as the maker, in the original principal amount of \$5,000,000 in favor of Highland that was and is maintained in Highland's books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the "Second HCMFA Demand Note," and together with the First HCMFA Note, the "HCMFA Demand Notes").

23. Attached as **Exhibit I** is a true and correct copy of a promissory note dated March 28, 2018, executed by HCMS, as the maker, in the original principal amount of \$150,000 in favor of Highland that was and is maintained in Highland's books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the "First HCMS Demand Note").

24. Attached as **Exhibit J** is a true and correct copy of a promissory note dated June 25, 2018, executed by HCMS, as the maker, in the original principal amount of \$200,000 in favor of Highland that was and is maintained in Highland's books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the "Second HCMS Demand Note").

25. Attached as **Exhibit K** is a true and correct copy of a promissory note dated May 29, 2019, executed by HCMS, as the maker, in the original principal amount of \$400,000 in favor of Highland that was and is maintained in Highland's books and records in the ordinary course of business (the "Third HCMS Demand Note").

26. Attached as **Exhibit L** is a true and correct copy of a promissory note dated June 26, 2019, executed by HCMS, as the maker, in the original principal amount of \$150,000 in favor of Highland that was and is maintained in Highland's books and records in the ordinary course of business (the "Fourth HCMS Demand Note," and collectively with the First HCMS Demand Note, the Second HCMS Demand Note, and Third HCMS Demand Notes, the "HCMS Demand Notes").

27. Attached as **Exhibit M** is a true and correct copy of a promissory note dated November 27, 2013, executed by HCRE, as the maker, in the original principal amount of \$100,000 in favor of Highland that was and is maintained in Highland's books and records in the

ordinary course of business and that was provided to PwC in connection with its annual audits (the “First HCRE Demand Note”).

28. Attached as **Exhibit N** is a true and correct copy of a promissory note dated October 12, 2017, executed by HCRE, as the maker, in the original principal amount of \$2,500,000 in favor of Highland that was and is maintained in Highland’s books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the “Second HCRE Demand Note”).

29. Attached as **Exhibit O** is a true and correct copy of a promissory note dated October 15, 2018, executed by HCRE, as the maker, in the original principal amount of \$750,000 in favor of Highland that was and is maintained in Highland’s books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the “Third HCRE Demand Note”).

30. Attached as **Exhibit P** is a true and correct copy of a promissory note dated September 25, 2019, executed by HCRE, as the maker, in the original principal amount of \$900,000 in favor of Highland that was and is maintained in Highland’s books and records in the ordinary course of business (the “Fourth HCRE Demand Note,” and collectively with the First HCRE Demand Note, the Second HCRE Demand Note, and Third HCRE Demand Notes, the “HCRE Demand Notes,” and together with the Dondero Demand Notes and the HCMS Demand Notes, the “Demand Notes”).

31. Attached as **Exhibit A** is a true and correct copy of a promissory note dated May 31, 2017, executed by NexPoint, as the maker, in the original principal amount of \$30,746,812.23 in favor of Highland that was and is maintained in Highland’s books and records in the ordinary

course of business and that was provided to PwC in connection with its annual audits (the “NexPoint Note”).

32. Attached as **Exhibit Q** is a true and correct copy of a promissory note dated May 31, 2017, executed by HCMS, as the maker, in the original principal amount of \$20,247,628.02 in favor of Highland that was and is maintained in Highland’s books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the “HCMS Term Note”).

33. Attached as **Exhibit R** is a true and correct copy of a promissory note dated May 31, 2017, executed by HCRE, as the maker, in the original principal amount of \$6,059,831.51 in favor of Highland that was and is maintained in Highland’s books and records in the ordinary course of business and that was provided to PwC in connection with its annual audits (the “HCRE Term Note,” and together with the NexPoint Term Note and the HCMS Term Note, the “Term Notes”).

34. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the First Dondero Note was \$3,708,273.71, and (b) as of December 17, 2021, the unpaid principal and accrued interest due under the First Dondero Note was \$3,808,783.89.

35. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the Second Dondero Note was \$2,647,880.12, and (b) as of December 17, 2021, the unpaid principal and accrued interest due under the Second Dondero Note was \$2,727,300.55.

36. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the Third Dondero Note was \$2,647,859.55, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the Third Dondero Note was \$2,727,280.61.

37. Thus, (a) as of December 11, 2020, the unpaid principal and accrued interest due under the Dondero Notes was \$9,004,013.07, and (b) as of December 17, 2021, the unpaid principal and accrued interest due under the Dondero Notes was \$9,263,365.05.

38. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the First HCMFA Note was \$2,493,401.61, and (b) as of December 17, 2021, the unpaid principal and accrued interest due under the First Dondero Note was \$2,553,982.49.

39. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the Second HCMFA Note was \$5,194,251.45, and (b) as of December 17, 2021, the unpaid principal and accrued interest due under the Second HCMFA Note was \$5,320,453.60.

40. Thus, as of (a) December 11, 2020, the unpaid principal and accrued interest due under the HCMFA Notes was \$7,687,653.06, and as of (b) December 17, 2020, the unpaid principal and accrued interest due under the HCMFA Notes was \$7,874,436.09.

41. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the First HCMS Demand Note was \$162,033.91, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the First HCMS Demand Note was \$166,777.82.

42. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the Second HCMS Demand Note was \$215,402.81, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the Second HCMS Demand Note was \$222,082.34.

43. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the Third HCMS Demand Note was \$414,842.81, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the Third HCMS Demand Note was \$424,922.32.

44. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the Fourth HCMS Demand Note was \$155,239.90, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the Fourth HCMS Demand Note was \$158,980.33.

45. Thus, as of (a) December 11, 2020, the unpaid principal and accrued interest due under the HCMS Demand Notes was \$947,519.43, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the HCMS Demand Notes was \$972,762.81.

46. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the First HCRE Demand Note was \$171,978.10, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the First HCRE Demand Note was \$185,979.85.

47. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the Second HCRE Demand Note was \$3,191,342.72, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the Second HCRE Demand Note was \$3,380,385.47.

48. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the Third HCRE Demand Note was \$885,908.76, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the Third HCRE Demand Note was \$938,970.62.

49. As of (a) December 11, 2020, the unpaid principal and accrued interest due under the Fourth HCRE Demand Note was \$762,941.38, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the Fourth HCRE Demand Note was \$825,042.29.

50. Thus, as of (a) December 11, 2020, the unpaid principal and accrued interest due under the HCRE Demand Notes was \$5,012,170.96, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the HCRE Demand Notes was \$5,330,378.23.

51. As of (a) January 8, 2021, the unpaid principal and accrued interest due under the NexPoint Term Note was \$24,471,804.98, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the NexPoint Term Note was \$24,383,877.27.¹⁰

52. As of (a) January 8, 2021, the unpaid principal and accrued interest due under the HCMS Term Note was \$6,758,507.81, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the HCMS Term Note was \$6,748,456.31¹¹.

53. As of (a) January 8, 2021, the unpaid principal and accrued interest due under the HCRE Term Note was \$6,145,466.84, and as of (b) December 17, 2021, the unpaid principal and accrued interest due under the HCRE Term Note was \$5,899,962.22.¹²

I declare under penalty of perjury that the forgoing is true and correct.

Dated: December 17, 2021

/s/ David Klos
David Klos

¹⁰ Total unpaid principal and interest due actually decreased from January 8, 2021 to December 17, 2021 because a payment of \$1,406,111.92 made January 14, 2021, which reduced the total principal and interest then-outstanding.

¹¹ Total unpaid outstanding principal and interest due actually decreased from January 8, 2021 to December 17, 2021 because a payment of \$181,226.83 made January 21, 2021, which reduced the total principal and interest then-outstanding.

¹² Total unpaid principal and interest due actually decreased from January 8, 2021 to December 17, 2021 because a payment of \$665,811.09 made January 21, 2021, which reduced the total principal and interest then-outstanding.

EXHIBIT A

PROMISSORY NOTE

\$30,746,812.33

May 31, 2017

THIS PROMISSORY NOTE (this “**Note**”) is in substitution for and supersedes in their entirety each of those certain promissory notes described in Exhibit A hereto, from NexPoint Advisors, L.P., as Maker, and Highland Capital Management, L.P. as Payee (collectively, the “**Prior Notes**”), together with the aggregate outstanding principal and accrued and unpaid interest represented thereby.

FOR VALUE RECEIVED, NEXPOINT ADVISORS, L.P. (“**Maker**”) promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, L.P. (“**Payee**”), in legal and lawful tender of the United States of America, the principal sum of THIRTY MILLION, SEVEN HUNDRED FORTY SIX THOUSAND, EIGHT HUNDRED TWELVE AND 33/100 DOLLARS (\$30,746,812.33), together with interest, on the terms set forth below. All sums hereunder are payable to Payee at 300 Crescent Court, Suite 700, Dallas, Texas 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at the rate of six percent (6.00%) per annum from the date hereof until Maturity Date (hereinafter defined), compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable annually.

2. Payment of Principal and Interest. Principal and interest under this Note shall be payable as follows:

2.1 Annual Payment Dates. During the term of this Note, Borrower shall pay the outstanding principal amount of the Note (and all unpaid accrued interest through the date of each such payment) in thirty (30) equal annual payments (the “**Annual Installment**”) until the Note is paid in full. Borrower shall pay the Annual Installment on the 31st day of December of each calendar year during the term of this Note, commencing on the first such date to occur after the date of execution of this Note.

2.2 Final Payment Date. The final payment in the aggregate amount of the then outstanding and unpaid Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable in full on December 31, 2047 (the “**Maturity Date**”).

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same

shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

9. Prior Notes. The original of each of the Prior Notes superseded hereby shall be marked "VOID" by Payee.

MAKER:

NEXPOINT ADVISORS, L.P.

By: NexPoint Advisors GP, LLC, its general partner

By: 

Name:

Title:

EXHIBIT A

PRIOR NOTES

Loan Date	Initial Note Amount	Interest Rate	Principal and Interest Outstanding as of May 31, 2017
8/21/14	\$4,000,000	6.00%	\$4,616,739.73
10/1/14	\$6,000,000	6.00%	\$6,959,671.23
11/14/14	\$2,500,000	6.00%	\$2,881,780.82
1/29/15	\$3,100,000	6.00%	\$3,534,679.45
7/22/15	\$12,075,000	6.00%	\$12,753,941.10
	\$27,675,000		\$30,746,812.33

EXHIBIT B

NPA \$30.7M

Closing Date 5/31/2017
Total Commitment \$ 30,746,812
Rate 6.000%
Maturity: 12/31/2047

Date	Interest Accrual	Interest Paid	Accrued Interest	Beg Prin Bal	Principal Paid	Ending Prin Bal	Total Paid
5/31/2017						\$ 30,746,812	
6/30/2017	151,628.12		151,628.12	30,746,812.33		30,746,812.33	
7/31/2017	156,682.39		308,310.50	30,746,812.33		30,746,812.33	
8/31/2017	156,682.39		464,992.89	30,746,812.33		30,746,812.33	
9/30/2017	151,628.12		616,621.00	30,746,812.33		30,746,812.33	
10/20/2017	101,085.41	(717,706.41)	-	30,746,812.33	(82,293.59)	30,664,518.74	(800,000.00)
10/31/2017	55,448.17		55,448.17	30,664,518.74		30,664,518.74	
11/30/2017	151,222.28		206,670.46	30,664,518.74		30,664,518.74	
12/5/2017	25,203.71	(358,904.83)	(127,030.67)	30,664,518.74	(942,600.16)	29,721,918.58	(1,301,504.99)
12/31/2017	127,030.67		(0.00)	29,721,918.58		29,721,918.58	
1/31/2018	151,459.64		151,459.64	29,721,918.58		29,721,918.58	
2/28/2018	136,802.26		288,261.90	29,721,918.58		29,721,918.58	
3/31/2018	151,459.64		439,721.54	29,721,918.58		29,721,918.58	
4/10/2018	48,857.95	(439,721.54)	48,857.95	29,721,918.58		29,721,918.58	(439,721.54)
4/30/2018	97,715.90		146,573.85	29,721,918.58		29,721,918.58	
5/1/2018	4,885.79	(146,573.85)	4,885.79	29,721,918.58		29,721,918.58	(146,573.85)
5/9/2018	39,086.36	(879,927.65)	(835,955.50)	29,721,918.58		29,721,918.58	(879,927.65)
5/31/2018	107,487.49		(728,468.01)	29,721,918.58		29,721,918.58	
6/30/2018	146,573.85		(581,894.17)	29,721,918.58		29,721,918.58	
7/31/2018	151,459.64		(430,434.53)	29,721,918.58		29,721,918.58	
8/31/2018	151,459.64		(278,974.89)	29,721,918.58		29,721,918.58	
9/5/2018	24,428.97		(254,545.91)	29,721,918.58	(280,765.40)	29,441,153.18	(280,765.40)
9/21/2018	77,434.27		(177,111.65)	29,441,153.18	(1,023,750.00)	28,417,403.18	(1,023,750.00)
9/30/2018	42,042.19		(135,069.46)	28,417,403.18		28,417,403.18	
10/31/2018	144,811.97		9,742.51	28,417,403.18		28,417,403.18	
11/30/2018	140,140.62		149,883.13	28,417,403.18		28,417,403.18	
12/18/2018	84,084.37	(294,695.10)	(60,727.60)	28,417,403.18		28,417,403.18	(294,695.10)
12/31/2018	60,727.60		(0.00)	28,417,403.18		28,417,403.18	

1/31/2019	144,811.97		144,811.97	28,417,403.18		28,417,403.18	
2/28/2019	130,797.91		275,609.88	28,417,403.18		28,417,403.18	
3/29/2019	135,469.26	(411,079.15)	(0.00)	28,417,403.18	(338,920.85)	28,078,482.33	(750,000.00)
3/31/2019	9,231.28		9,231.28	28,078,482.33		28,078,482.33	
4/16/2019	73,850.25	(83,081.53)	0.00	28,078,482.33	(1,216,918.47)	26,861,563.86	(1,300,000.00)
4/30/2019	61,818.39		61,818.40	26,861,563.86		26,861,563.86	
5/31/2019	136,883.59	(198,701.98)	0.00	26,861,563.86	198,701.98	27,060,265.84	-
6/4/2019	17,793.05	(17,793.05)	0.00	27,060,265.84	(282,206.95)	26,778,058.89	(300,000.00)
6/19/2019	66,028.09	(66,028.10)	(0.00)	26,778,058.89	(2,033,971.90)	24,744,086.99	(2,100,000.00)
6/30/2019	44,742.73		44,742.73	24,744,086.99		24,744,086.99	
7/9/2019	36,607.69	(81,350.42)	(0.00)	24,744,086.99	(548,649.58)	24,195,437.41	(630,000.00)
7/31/2019	87,501.31		87,501.31	24,195,437.41		24,195,437.41	
8/13/2019	51,705.32	(139,206.62)	0.00	24,195,437.41	(1,160,793.38)	23,034,644.03	(1,300,000.00)
8/31/2019	68,157.30		68,157.31	23,034,644.03		23,034,644.03	
9/30/2019	113,595.50		181,752.81	23,034,644.03		23,034,644.03	
10/15/2019	56,797.75		238,550.56	23,034,644.03		23,034,644.03	
10/31/2019	60,584.27		299,134.83	23,034,644.03		23,034,644.03	
11/30/2019	113,595.50		412,730.34	23,034,644.03		23,034,644.03	
12/30/2019	113,595.50	-530,112.36	(3,786.52)	23,034,644.03		23,034,644.03	(530,112.36)
12/31/2019	3,786.52		0.00	23,034,644.03		23,034,644.03	
1/31/2020	117,382.02		117,382.02	23,034,644.03		23,034,644.03	
2/29/2020	109,808.99		227,191.01	23,034,644.03		23,034,644.03	
3/31/2020	117,382.02		344,573.03	23,034,644.03		23,034,644.03	
4/30/2020	113,595.50		458,168.54	23,034,644.03		23,034,644.03	
5/31/2020	117,382.02	(575,550.56)	(0.00)	23,034,644.03	575,550.56	23,610,194.59	
6/30/2020	116,433.84		116,433.83	23,610,194.59		23,610,194.59	
7/31/2020	120,314.96		236,748.80	23,610,194.59		23,610,194.59	
8/31/2020	120,314.96		357,063.76	23,610,194.59		23,610,194.59	
9/30/2020	116,433.84		473,497.60	23,610,194.59		23,610,194.59	
10/31/2020	120,314.96		593,812.56	23,610,194.59		23,610,194.59	
11/30/2020	116,433.84		710,246.40	23,610,194.59		23,610,194.59	
12/31/2020	120,314.96		830,561.36	23,610,194.59		23,610,194.59	
1/14/2021	54,335.79	(830,561.36)	54,335.79	23,610,194.59	(575,550.56)	23,034,644.03	(1,406,111.92)
1/31/2021	64,370.79		118,706.58	23,034,644.03		23,034,644.03	
2/28/2021	106,022.47		224,729.05	23,034,644.03		23,034,644.03	
3/31/2021	117,382.02		342,111.07	23,034,644.03		23,034,644.03	
4/30/2021	113,595.50		455,706.58	23,034,644.03		23,034,644.03	
5/31/2021	117,382.02		573,088.60	23,034,644.03		23,034,644.03	

6/30/2021	113,595.50	686,684.10	23,034,644.03	23,034,644.03
7/31/2021	117,382.02	804,066.13	23,034,644.03	23,034,644.03
8/31/2021	117,382.02	921,448.15	23,034,644.03	23,034,644.03
9/30/2021	113,595.50	1,035,043.65	23,034,644.03	23,034,644.03
10/31/2021	117,382.02	1,152,425.67	23,034,644.03	23,034,644.03
11/30/2021	113,595.50	1,266,021.18	23,034,644.03	23,034,644.03
12/31/2021	117,382.02	1,383,403.20	23,034,644.03	23,034,644.03
1/31/2022	117,382.02	1,500,785.22	23,034,644.03	23,034,644.03
2/28/2022	106,022.47	1,606,807.69	23,034,644.03	23,034,644.03
3/31/2022	117,382.02	1,724,189.72	23,034,644.03	23,034,644.03
4/30/2022	113,595.50	1,837,785.22	23,034,644.03	23,034,644.03
5/31/2022	117,382.02	1,955,167.24	23,034,644.03	23,034,644.03
6/30/2022	113,595.50	2,068,762.75	23,034,644.03	23,034,644.03
7/31/2022	117,382.02	2,186,144.77	23,034,644.03	23,034,644.03
8/31/2022	117,382.02	2,303,526.79	23,034,644.03	23,034,644.03
9/30/2022	113,595.50	2,417,122.29	23,034,644.03	23,034,644.03
10/31/2022	117,382.02	2,534,504.32	23,034,644.03	23,034,644.03
11/30/2022	113,595.50	2,648,099.82	23,034,644.03	23,034,644.03
12/31/2022	117,382.02	2,765,481.84	23,034,644.03	23,034,644.03
1/31/2023	117,382.02	2,882,863.86	23,034,644.03	23,034,644.03
2/28/2023	106,022.47	2,988,886.34	23,034,644.03	23,034,644.03
3/31/2023	117,382.02	3,106,268.36	23,034,644.03	23,034,644.03
4/30/2023	113,595.50	3,219,863.86	23,034,644.03	23,034,644.03
5/31/2023	117,382.02	3,337,245.88	23,034,644.03	23,034,644.03
6/30/2023	113,595.50	3,450,841.39	23,034,644.03	23,034,644.03
7/31/2023	117,382.02	3,568,223.41	23,034,644.03	23,034,644.03
8/31/2023	117,382.02	3,685,605.43	23,034,644.03	23,034,644.03
9/30/2023	113,595.50	3,799,200.94	23,034,644.03	23,034,644.03
10/31/2023	117,382.02	3,916,582.96	23,034,644.03	23,034,644.03
11/30/2023	113,595.50	4,030,178.46	23,034,644.03	23,034,644.03
12/31/2023	117,382.02	4,147,560.48	23,034,644.03	23,034,644.03
1/31/2024	117,382.02	4,264,942.51	23,034,644.03	23,034,644.03
2/29/2024	109,808.99	4,374,751.49	23,034,644.03	23,034,644.03
3/31/2024	117,382.02	4,492,133.52	23,034,644.03	23,034,644.03
4/30/2024	113,595.50	4,605,729.02	23,034,644.03	23,034,644.03
5/31/2024	117,382.02	4,723,111.04	23,034,644.03	23,034,644.03
6/30/2024	113,595.50	4,836,706.55	23,034,644.03	23,034,644.03
7/31/2024	117,382.02	4,954,088.57	23,034,644.03	23,034,644.03

8/31/2024	117,382.02	5,071,470.59	23,034,644.03	23,034,644.03
9/30/2024	113,595.50	5,185,066.10	23,034,644.03	23,034,644.03
10/31/2024	117,382.02	5,302,448.12	23,034,644.03	23,034,644.03
11/30/2024	113,595.50	5,416,043.62	23,034,644.03	23,034,644.03
12/31/2024	117,382.02	5,533,425.64	23,034,644.03	23,034,644.03
1/31/2025	117,382.02	5,650,807.67	23,034,644.03	23,034,644.03
2/28/2025	106,022.47	5,756,830.14	23,034,644.03	23,034,644.03
3/31/2025	117,382.02	5,874,212.16	23,034,644.03	23,034,644.03
4/30/2025	113,595.50	5,987,807.66	23,034,644.03	23,034,644.03
5/31/2025	117,382.02	6,105,189.68	23,034,644.03	23,034,644.03
6/30/2025	113,595.50	6,218,785.19	23,034,644.03	23,034,644.03
7/31/2025	117,382.02	6,336,167.21	23,034,644.03	23,034,644.03
8/31/2025	117,382.02	6,453,549.23	23,034,644.03	23,034,644.03
9/30/2025	113,595.50	6,567,144.74	23,034,644.03	23,034,644.03
10/31/2025	117,382.02	6,684,526.76	23,034,644.03	23,034,644.03
11/30/2025	113,595.50	6,798,122.26	23,034,644.03	23,034,644.03
12/31/2025	117,382.02	6,915,504.29	23,034,644.03	23,034,644.03
1/31/2026	117,382.02	7,032,886.31	23,034,644.03	23,034,644.03
2/28/2026	106,022.47	7,138,908.78	23,034,644.03	23,034,644.03
3/31/2026	117,382.02	7,256,290.80	23,034,644.03	23,034,644.03
4/30/2026	113,595.50	7,369,886.31	23,034,644.03	23,034,644.03
5/31/2026	117,382.02	7,487,268.33	23,034,644.03	23,034,644.03
6/30/2026	113,595.50	7,600,863.83	23,034,644.03	23,034,644.03
7/31/2026	117,382.02	7,718,245.85	23,034,644.03	23,034,644.03
8/31/2026	117,382.02	7,835,627.87	23,034,644.03	23,034,644.03
9/30/2026	113,595.50	7,949,223.38	23,034,644.03	23,034,644.03
10/31/2026	117,382.02	8,066,605.40	23,034,644.03	23,034,644.03
11/30/2026	113,595.50	8,180,200.91	23,034,644.03	23,034,644.03
12/31/2026	117,382.02	8,297,582.93	23,034,644.03	23,034,644.03
1/31/2027	117,382.02	8,414,964.95	23,034,644.03	23,034,644.03
2/28/2027	106,022.47	8,520,987.42	23,034,644.03	23,034,644.03
3/31/2027	117,382.02	8,638,369.44	23,034,644.03	23,034,644.03
4/30/2027	113,595.50	8,751,964.95	23,034,644.03	23,034,644.03
5/31/2027	117,382.02	8,869,346.97	23,034,644.03	23,034,644.03
6/30/2027	113,595.50	8,982,942.47	23,034,644.03	23,034,644.03
7/31/2027	117,382.02	9,100,324.50	23,034,644.03	23,034,644.03
8/31/2027	117,382.02	9,217,706.52	23,034,644.03	23,034,644.03
9/30/2027	113,595.50	9,331,302.02	23,034,644.03	23,034,644.03

10/31/2027	117,382.02	9,448,684.04	23,034,644.03	23,034,644.03
11/30/2027	113,595.50	9,562,279.55	23,034,644.03	23,034,644.03
12/31/2027	117,382.02	9,679,661.57	23,034,644.03	23,034,644.03
1/31/2028	117,382.02	9,797,043.59	23,034,644.03	23,034,644.03
2/29/2028	109,808.99	9,906,852.58	23,034,644.03	23,034,644.03
3/31/2028	117,382.02	10,024,234.60	23,034,644.03	23,034,644.03
4/30/2028	113,595.50	10,137,830.11	23,034,644.03	23,034,644.03
5/31/2028	117,382.02	10,255,212.13	23,034,644.03	23,034,644.03
6/30/2028	113,595.50	10,368,807.63	23,034,644.03	23,034,644.03
7/31/2028	117,382.02	10,486,189.65	23,034,644.03	23,034,644.03
8/31/2028	117,382.02	10,603,571.68	23,034,644.03	23,034,644.03
9/30/2028	113,595.50	10,717,167.18	23,034,644.03	23,034,644.03
10/31/2028	117,382.02	10,834,549.20	23,034,644.03	23,034,644.03
11/30/2028	113,595.50	10,948,144.71	23,034,644.03	23,034,644.03
12/31/2028	117,382.02	11,065,526.73	23,034,644.03	23,034,644.03
1/31/2029	117,382.02	11,182,908.75	23,034,644.03	23,034,644.03
2/28/2029	106,022.47	11,288,931.22	23,034,644.03	23,034,644.03
3/31/2029	117,382.02	11,406,313.24	23,034,644.03	23,034,644.03
4/30/2029	113,595.50	11,519,908.75	23,034,644.03	23,034,644.03
5/31/2029	117,382.02	11,637,290.77	23,034,644.03	23,034,644.03
6/30/2029	113,595.50	11,750,886.27	23,034,644.03	23,034,644.03
7/31/2029	117,382.02	11,868,268.30	23,034,644.03	23,034,644.03
8/31/2029	117,382.02	11,985,650.32	23,034,644.03	23,034,644.03
9/30/2029	113,595.50	12,099,245.82	23,034,644.03	23,034,644.03
10/31/2029	117,382.02	12,216,627.84	23,034,644.03	23,034,644.03
11/30/2029	113,595.50	12,330,223.35	23,034,644.03	23,034,644.03
12/31/2029	117,382.02	12,447,605.37	23,034,644.03	23,034,644.03
1/31/2030	117,382.02	12,564,987.39	23,034,644.03	23,034,644.03
2/28/2030	106,022.47	12,671,009.86	23,034,644.03	23,034,644.03
3/31/2030	117,382.02	12,788,391.89	23,034,644.03	23,034,644.03
4/30/2030	113,595.50	12,901,987.39	23,034,644.03	23,034,644.03
5/31/2030	117,382.02	13,019,369.41	23,034,644.03	23,034,644.03
6/30/2030	113,595.50	13,132,964.92	23,034,644.03	23,034,644.03
7/31/2030	117,382.02	13,250,346.94	23,034,644.03	23,034,644.03
8/31/2030	117,382.02	13,367,728.96	23,034,644.03	23,034,644.03
9/30/2030	113,595.50	13,481,324.46	23,034,644.03	23,034,644.03
10/31/2030	117,382.02	13,598,706.49	23,034,644.03	23,034,644.03
11/30/2030	113,595.50	13,712,301.99	23,034,644.03	23,034,644.03

12/31/2030	117,382.02	13,829,684.01	23,034,644.03	23,034,644.03
1/31/2031	117,382.02	13,947,066.03	23,034,644.03	23,034,644.03
2/28/2031	106,022.47	14,053,088.51	23,034,644.03	23,034,644.03
3/31/2031	117,382.02	14,170,470.53	23,034,644.03	23,034,644.03
4/30/2031	113,595.50	14,284,066.03	23,034,644.03	23,034,644.03
5/31/2031	117,382.02	14,401,448.05	23,034,644.03	23,034,644.03
6/30/2031	113,595.50	14,515,043.56	23,034,644.03	23,034,644.03
7/31/2031	117,382.02	14,632,425.58	23,034,644.03	23,034,644.03
8/31/2031	117,382.02	14,749,807.60	23,034,644.03	23,034,644.03
9/30/2031	113,595.50	14,863,403.11	23,034,644.03	23,034,644.03
10/31/2031	117,382.02	14,980,785.13	23,034,644.03	23,034,644.03
11/30/2031	113,595.50	15,094,380.63	23,034,644.03	23,034,644.03
12/31/2031	117,382.02	15,211,762.65	23,034,644.03	23,034,644.03
1/31/2032	117,382.02	15,329,144.68	23,034,644.03	23,034,644.03
2/29/2032	109,808.99	15,438,953.66	23,034,644.03	23,034,644.03
3/31/2032	117,382.02	15,556,335.69	23,034,644.03	23,034,644.03
4/30/2032	113,595.50	15,669,931.19	23,034,644.03	23,034,644.03
5/31/2032	117,382.02	15,787,313.21	23,034,644.03	23,034,644.03
6/30/2032	113,595.50	15,900,908.72	23,034,644.03	23,034,644.03
7/31/2032	117,382.02	16,018,290.74	23,034,644.03	23,034,644.03
8/31/2032	117,382.02	16,135,672.76	23,034,644.03	23,034,644.03
9/30/2032	113,595.50	16,249,268.27	23,034,644.03	23,034,644.03
10/31/2032	117,382.02	16,366,650.29	23,034,644.03	23,034,644.03
11/30/2032	113,595.50	16,480,245.79	23,034,644.03	23,034,644.03
12/31/2032	117,382.02	16,597,627.81	23,034,644.03	23,034,644.03
1/31/2033	117,382.02	16,715,009.84	23,034,644.03	23,034,644.03
2/28/2033	106,022.47	16,821,032.31	23,034,644.03	23,034,644.03
3/31/2033	117,382.02	16,938,414.33	23,034,644.03	23,034,644.03
4/30/2033	113,595.50	17,052,009.83	23,034,644.03	23,034,644.03
5/31/2033	117,382.02	17,169,391.85	23,034,644.03	23,034,644.03
6/30/2033	113,595.50	17,282,987.36	23,034,644.03	23,034,644.03
7/31/2033	117,382.02	17,400,369.38	23,034,644.03	23,034,644.03
8/31/2033	117,382.02	17,517,751.40	23,034,644.03	23,034,644.03
9/30/2033	113,595.50	17,631,346.91	23,034,644.03	23,034,644.03
10/31/2033	117,382.02	17,748,728.93	23,034,644.03	23,034,644.03
11/30/2033	113,595.50	17,862,324.43	23,034,644.03	23,034,644.03
12/31/2033	117,382.02	17,979,706.46	23,034,644.03	23,034,644.03
1/31/2034	117,382.02	18,097,088.48	23,034,644.03	23,034,644.03

2/28/2034	106,022.47	18,203,110.95	23,034,644.03	23,034,644.03
3/31/2034	117,382.02	18,320,492.97	23,034,644.03	23,034,644.03
4/30/2034	113,595.50	18,434,088.47	23,034,644.03	23,034,644.03
5/31/2034	117,382.02	18,551,470.50	23,034,644.03	23,034,644.03
6/30/2034	113,595.50	18,665,066.00	23,034,644.03	23,034,644.03
7/31/2034	117,382.02	18,782,448.02	23,034,644.03	23,034,644.03
8/31/2034	117,382.02	18,899,830.04	23,034,644.03	23,034,644.03
9/30/2034	113,595.50	19,013,425.55	23,034,644.03	23,034,644.03
10/31/2034	117,382.02	19,130,807.57	23,034,644.03	23,034,644.03
11/30/2034	113,595.50	19,244,403.08	23,034,644.03	23,034,644.03
12/31/2034	117,382.02	19,361,785.10	23,034,644.03	23,034,644.03
1/31/2035	117,382.02	19,479,167.12	23,034,644.03	23,034,644.03
2/28/2035	106,022.47	19,585,189.59	23,034,644.03	23,034,644.03
3/31/2035	117,382.02	19,702,571.61	23,034,644.03	23,034,644.03
4/30/2035	113,595.50	19,816,167.12	23,034,644.03	23,034,644.03
5/31/2035	117,382.02	19,933,549.14	23,034,644.03	23,034,644.03
6/30/2035	113,595.50	20,047,144.64	23,034,644.03	23,034,644.03
7/31/2035	117,382.02	20,164,526.67	23,034,644.03	23,034,644.03
8/31/2035	117,382.02	20,281,908.69	23,034,644.03	23,034,644.03
9/30/2035	113,595.50	20,395,504.19	23,034,644.03	23,034,644.03
10/31/2035	117,382.02	20,512,886.21	23,034,644.03	23,034,644.03
11/30/2035	113,595.50	20,626,481.72	23,034,644.03	23,034,644.03
12/31/2035	117,382.02	20,743,863.74	23,034,644.03	23,034,644.03
1/31/2036	117,382.02	20,861,245.76	23,034,644.03	23,034,644.03
2/29/2036	109,808.99	20,971,054.75	23,034,644.03	23,034,644.03
3/31/2036	117,382.02	21,088,436.77	23,034,644.03	23,034,644.03
4/30/2036	113,595.50	21,202,032.28	23,034,644.03	23,034,644.03
5/31/2036	117,382.02	21,319,414.30	23,034,644.03	23,034,644.03
6/30/2036	113,595.50	21,433,009.80	23,034,644.03	23,034,644.03
7/31/2036	117,382.02	21,550,391.82	23,034,644.03	23,034,644.03
8/31/2036	117,382.02	21,667,773.85	23,034,644.03	23,034,644.03
9/30/2036	113,595.50	21,781,369.35	23,034,644.03	23,034,644.03
10/31/2036	117,382.02	21,898,751.37	23,034,644.03	23,034,644.03
11/30/2036	113,595.50	22,012,346.88	23,034,644.03	23,034,644.03
12/31/2036	117,382.02	22,129,728.90	23,034,644.03	23,034,644.03
1/31/2037	117,382.02	22,247,110.92	23,034,644.03	23,034,644.03
2/28/2037	106,022.47	22,353,133.39	23,034,644.03	23,034,644.03
3/31/2037	117,382.02	22,470,515.41	23,034,644.03	23,034,644.03

4/30/2037	113,595.50	22,584,110.92	23,034,644.03	23,034,644.03
5/31/2037	117,382.02	22,701,492.94	23,034,644.03	23,034,644.03
6/30/2037	113,595.50	22,815,088.44	23,034,644.03	23,034,644.03
7/31/2037	117,382.02	22,932,470.47	23,034,644.03	23,034,644.03
8/31/2037	117,382.02	23,049,852.49	23,034,644.03	23,034,644.03
9/30/2037	113,595.50	23,163,447.99	23,034,644.03	23,034,644.03
10/31/2037	117,382.02	23,280,830.01	23,034,644.03	23,034,644.03
11/30/2037	113,595.50	23,394,425.52	23,034,644.03	23,034,644.03
12/31/2037	117,382.02	23,511,807.54	23,034,644.03	23,034,644.03
1/31/2038	117,382.02	23,629,189.56	23,034,644.03	23,034,644.03
2/28/2038	106,022.47	23,735,212.03	23,034,644.03	23,034,644.03
3/31/2038	117,382.02	23,852,594.06	23,034,644.03	23,034,644.03
4/30/2038	113,595.50	23,966,189.56	23,034,644.03	23,034,644.03
5/31/2038	117,382.02	24,083,571.58	23,034,644.03	23,034,644.03
6/30/2038	113,595.50	24,197,167.09	23,034,644.03	23,034,644.03
7/31/2038	117,382.02	24,314,549.11	23,034,644.03	23,034,644.03
8/31/2038	117,382.02	24,431,931.13	23,034,644.03	23,034,644.03
9/30/2038	113,595.50	24,545,526.63	23,034,644.03	23,034,644.03
10/31/2038	117,382.02	24,662,908.66	23,034,644.03	23,034,644.03
11/30/2038	113,595.50	24,776,504.16	23,034,644.03	23,034,644.03
12/31/2038	117,382.02	24,893,886.18	23,034,644.03	23,034,644.03
1/31/2039	117,382.02	25,011,268.20	23,034,644.03	23,034,644.03
2/28/2039	106,022.47	25,117,290.68	23,034,644.03	23,034,644.03
3/31/2039	117,382.02	25,234,672.70	23,034,644.03	23,034,644.03
4/30/2039	113,595.50	25,348,268.20	23,034,644.03	23,034,644.03
5/31/2039	117,382.02	25,465,650.22	23,034,644.03	23,034,644.03
6/30/2039	113,595.50	25,579,245.73	23,034,644.03	23,034,644.03
7/31/2039	117,382.02	25,696,627.75	23,034,644.03	23,034,644.03
8/31/2039	117,382.02	25,814,009.77	23,034,644.03	23,034,644.03
9/30/2039	113,595.50	25,927,605.28	23,034,644.03	23,034,644.03
10/31/2039	117,382.02	26,044,987.30	23,034,644.03	23,034,644.03
11/30/2039	113,595.50	26,158,582.80	23,034,644.03	23,034,644.03
12/31/2039	117,382.02	26,275,964.82	23,034,644.03	23,034,644.03
1/31/2040	117,382.02	26,393,346.85	23,034,644.03	23,034,644.03
2/29/2040	109,808.99	26,503,155.83	23,034,644.03	23,034,644.03
3/31/2040	117,382.02	26,620,537.86	23,034,644.03	23,034,644.03
4/30/2040	113,595.50	26,734,133.36	23,034,644.03	23,034,644.03
5/31/2040	117,382.02	26,851,515.38	23,034,644.03	23,034,644.03

6/30/2040	113,595.50	26,965,110.89	23,034,644.03	23,034,644.03
7/31/2040	117,382.02	27,082,492.91	23,034,644.03	23,034,644.03
8/31/2040	117,382.02	27,199,874.93	23,034,644.03	23,034,644.03
9/30/2040	113,595.50	27,313,470.44	23,034,644.03	23,034,644.03
10/31/2040	117,382.02	27,430,852.46	23,034,644.03	23,034,644.03
11/30/2040	113,595.50	27,544,447.96	23,034,644.03	23,034,644.03
12/31/2040	117,382.02	27,661,829.98	23,034,644.03	23,034,644.03
1/31/2041	117,382.02	27,779,212.01	23,034,644.03	23,034,644.03
2/28/2041	106,022.47	27,885,234.48	23,034,644.03	23,034,644.03
3/31/2041	117,382.02	28,002,616.50	23,034,644.03	23,034,644.03
4/30/2041	113,595.50	28,116,212.00	23,034,644.03	23,034,644.03
5/31/2041	117,382.02	28,233,594.02	23,034,644.03	23,034,644.03
6/30/2041	113,595.50	28,347,189.53	23,034,644.03	23,034,644.03
7/31/2041	117,382.02	28,464,571.55	23,034,644.03	23,034,644.03
8/31/2041	117,382.02	28,581,953.57	23,034,644.03	23,034,644.03
9/30/2041	113,595.50	28,695,549.08	23,034,644.03	23,034,644.03
10/31/2041	117,382.02	28,812,931.10	23,034,644.03	23,034,644.03
11/30/2041	113,595.50	28,926,526.60	23,034,644.03	23,034,644.03
12/31/2041	117,382.02	29,043,908.63	23,034,644.03	23,034,644.03
1/31/2042	117,382.02	29,161,290.65	23,034,644.03	23,034,644.03
2/28/2042	106,022.47	29,267,313.12	23,034,644.03	23,034,644.03
3/31/2042	117,382.02	29,384,695.14	23,034,644.03	23,034,644.03
4/30/2042	113,595.50	29,498,290.64	23,034,644.03	23,034,644.03
5/31/2042	117,382.02	29,615,672.67	23,034,644.03	23,034,644.03
6/30/2042	113,595.50	29,729,268.17	23,034,644.03	23,034,644.03
7/31/2042	117,382.02	29,846,650.19	23,034,644.03	23,034,644.03
8/31/2042	117,382.02	29,964,032.21	23,034,644.03	23,034,644.03
9/30/2042	113,595.50	30,077,627.72	23,034,644.03	23,034,644.03
10/31/2042	117,382.02	30,195,009.74	23,034,644.03	23,034,644.03
11/30/2042	113,595.50	30,308,605.25	23,034,644.03	23,034,644.03
12/31/2042	117,382.02	30,425,987.27	23,034,644.03	23,034,644.03
1/31/2043	117,382.02	30,543,369.29	23,034,644.03	23,034,644.03
2/28/2043	106,022.47	30,649,391.76	23,034,644.03	23,034,644.03
3/31/2043	117,382.02	30,766,773.78	23,034,644.03	23,034,644.03
4/30/2043	113,595.50	30,880,369.29	23,034,644.03	23,034,644.03
5/31/2043	117,382.02	30,997,751.31	23,034,644.03	23,034,644.03
6/30/2043	113,595.50	31,111,346.81	23,034,644.03	23,034,644.03
7/31/2043	117,382.02	31,228,728.84	23,034,644.03	23,034,644.03

8/31/2043	117,382.02	31,346,110.86	23,034,644.03	23,034,644.03
9/30/2043	113,595.50	31,459,706.36	23,034,644.03	23,034,644.03
10/31/2043	117,382.02	31,577,088.38	23,034,644.03	23,034,644.03
11/30/2043	113,595.50	31,690,683.89	23,034,644.03	23,034,644.03
12/31/2043	117,382.02	31,808,065.91	23,034,644.03	23,034,644.03
1/31/2044	117,382.02	31,925,447.93	23,034,644.03	23,034,644.03
2/29/2044	109,808.99	32,035,256.92	23,034,644.03	23,034,644.03
3/31/2044	117,382.02	32,152,638.94	23,034,644.03	23,034,644.03
4/30/2044	113,595.50	32,266,234.45	23,034,644.03	23,034,644.03
5/31/2044	117,382.02	32,383,616.47	23,034,644.03	23,034,644.03
6/30/2044	113,595.50	32,497,211.97	23,034,644.03	23,034,644.03
7/31/2044	117,382.02	32,614,593.99	23,034,644.03	23,034,644.03
8/31/2044	117,382.02	32,731,976.02	23,034,644.03	23,034,644.03
9/30/2044	113,595.50	32,845,571.52	23,034,644.03	23,034,644.03
10/31/2044	117,382.02	32,962,953.54	23,034,644.03	23,034,644.03
11/30/2044	113,595.50	33,076,549.05	23,034,644.03	23,034,644.03
12/31/2044	117,382.02	33,193,931.07	23,034,644.03	23,034,644.03
1/31/2045	117,382.02	33,311,313.09	23,034,644.03	23,034,644.03
2/28/2045	106,022.47	33,417,335.56	23,034,644.03	23,034,644.03
3/31/2045	117,382.02	33,534,717.58	23,034,644.03	23,034,644.03
4/30/2045	113,595.50	33,648,313.09	23,034,644.03	23,034,644.03
5/31/2045	117,382.02	33,765,695.11	23,034,644.03	23,034,644.03
6/30/2045	113,595.50	33,879,290.61	23,034,644.03	23,034,644.03
7/31/2045	117,382.02	33,996,672.64	23,034,644.03	23,034,644.03
8/31/2045	117,382.02	34,114,054.66	23,034,644.03	23,034,644.03
9/30/2045	113,595.50	34,227,650.16	23,034,644.03	23,034,644.03
10/31/2045	117,382.02	34,345,032.18	23,034,644.03	23,034,644.03
11/30/2045	113,595.50	34,458,627.69	23,034,644.03	23,034,644.03
12/31/2045	117,382.02	34,576,009.71	23,034,644.03	23,034,644.03
1/31/2046	117,382.02	34,693,391.73	23,034,644.03	23,034,644.03
2/28/2046	106,022.47	34,799,414.20	23,034,644.03	23,034,644.03
3/31/2046	117,382.02	34,916,796.23	23,034,644.03	23,034,644.03
4/30/2046	113,595.50	35,030,391.73	23,034,644.03	23,034,644.03
5/31/2046	117,382.02	35,147,773.75	23,034,644.03	23,034,644.03
6/30/2046	113,595.50	35,261,369.26	23,034,644.03	23,034,644.03
7/31/2046	117,382.02	35,378,751.28	23,034,644.03	23,034,644.03
8/31/2046	117,382.02	35,496,133.30	23,034,644.03	23,034,644.03
9/30/2046	113,595.50	35,609,728.80	23,034,644.03	23,034,644.03

10/31/2046	117,382.02	35,727,110.83	23,034,644.03	23,034,644.03
11/30/2046	113,595.50	35,840,706.33	23,034,644.03	23,034,644.03
12/31/2046	117,382.02	35,958,088.35	23,034,644.03	23,034,644.03
1/31/2047	117,382.02	36,075,470.37	23,034,644.03	23,034,644.03
2/28/2047	106,022.47	36,181,492.85	23,034,644.03	23,034,644.03
3/31/2047	117,382.02	36,298,874.87	23,034,644.03	23,034,644.03
4/30/2047	113,595.50	36,412,470.37	23,034,644.03	23,034,644.03
5/31/2047	117,382.02	36,529,852.39	23,034,644.03	23,034,644.03
6/30/2047	113,595.50	36,643,447.90	23,034,644.03	23,034,644.03
7/31/2047	117,382.02	36,760,829.92	23,034,644.03	23,034,644.03
8/31/2047	117,382.02	36,878,211.94	23,034,644.03	23,034,644.03
9/30/2047	113,595.50	36,991,807.45	23,034,644.03	23,034,644.03
10/31/2047	117,382.02	37,109,189.47	23,034,644.03	23,034,644.03

EXHIBIT C

Highland Capital Management, L.P. - Cash

Next 13 Weeks Commencing December 14, 2020

(in thousands)

CONFIDENTIAL DRAFT FOR ILLUSTRATIVE PURPOSES ONLY - NOT FINAL OR APPROVED FOR FURTHER DISTRIBUTION

	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Week beginning	12/7	12/14	12/21	12/28	1/4	1/11	1/18	1/25	2/1	2/8	2/15	2/22	3/1	3/8
Beginning unrestricted operating cash	\$ 12,537	\$ 11,948	\$ 10,684	\$ 11,051	\$ 11,771	\$ 11,048	\$ 11,188	\$ 11,353	\$ 10,486	\$ 11,445	\$ 10,860	\$ 10,279	\$ 8,145	\$ 8,381
Operating Receipts														
Management fees														
CLOs	-	-	-	-	-	-	-	-	676	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Equity, PetroCap, Port Co's	-	-	-	-	63	-	-	-	-	-	270	-	-	-
Separate accounts	-	-	776	-	-	-	-	750	165	-	579	-	-	-
Management fees - managed funds	\$ -	\$ -	\$ 776	\$ -	\$ 63	\$ -	\$ -	\$ 750	\$ 841	\$ -	\$ 849	\$ -	\$ -	\$ -
HCMFA / NPA investment support	-	-	668	-	-	668	-	-	668	-	-	-	668	-
Shared services receipts	39	-	168	385	-	168	290	135	-	290	60	15	-	-
Intercompany and shared services revenue	39	-	836	385	-	836	290	135	668	290	60	15	668	-
Fund reimbursements	-	-	60	-	-	-	100	-	-	-	100	-	-	-
Interest receipts on notes receivable	-	-	-	2,051	-	-	-	-	-	-	-	-	-	-
Dividend receipts (unencumbered)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other miscellaneous receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other receipts	\$ -	\$ -	\$ 60	\$ 2,051	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -
Total operating receipts	\$ 39	\$ -	\$ 1,672	\$ 2,436	\$ 63	\$ 836	\$ 390	\$ 885	\$ 1,509	\$ 290	\$ 1,009	\$ 15	\$ 668	\$ -
Compensation and benefits														
Payroll, benefits, and taxes + exp reimb	(408)	(31)	-	(556)	-	(471)	-	(561)	-	(535)	-	(625)	-	(460)
Cash bonuses	-	-	-	-	-	-	-	-	-	-	-	(3,394)	-	-
Total compensation and benefits	\$ (408)	\$ (31)	\$ -	\$ (556)	\$ -	\$ (471)	\$ -	\$ (561)	\$ -	\$ (535)	\$ -	\$ (4,019)	\$ -	\$ (460)
General overhead														
Outside legal (ordinary course)	(62)	-	(499)	-	(560)	-	-	(560)	-	-	-	(560)	-	-
Independent director fees	-	-	-	(210)	-	-	-	-	(210)	-	-	-	(210)	-
General overhead - critical vendors (pre-petition)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General overhead - post-petition vendors	(158)	(1,233)	(275)	(275)	(225)	(225)	(225)	(225)	(340)	(340)	(340)	(340)	(222)	(222)
Total general overhead	\$ (220)	\$ (1,233)	\$ (774)	\$ (485)	\$ (785)	\$ (225)	\$ (225)	\$ (785)	\$ (550)	\$ (340)	\$ (340)	\$ (900)	\$ (432)	\$ (222)
Net change in cash due to operating activity	(589)	(1,264)	898	1,395	(723)	140	165	(461)	959	(585)	669	(4,904)	236	(682)
Re-org related - payments direct to professionals														
Debtor bankruptcy counsel	-	-	-	(300)	-	-	-	(720)	-	-	-	(720)	-	-
Debtor FA/CRO	-	-	-	-	-	-	-	(300)	-	-	-	(300)	-	-
Compensation consultant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committee counsel	-	-	(359)	(339)	-	-	-	(600)	-	-	-	(600)	-	-
Committee FA	-	-	(172)	(138)	-	-	-	(480)	-	-	-	(480)	-	-
Claims / noticing agent	-	-	-	-	-	-	-	(30)	-	-	-	(30)	-	-
Regulatory & compliance counsel	-	-	-	(100)	-	-	-	(100)	-	-	-	(100)	-	-
Mediation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US Trustee	-	-	-	-	-	-	-	(175)	-	-	-	-	-	-
Total re-org related	\$ -	\$ -	\$ (531)	\$ (877)	\$ -	\$ -	\$ -	\$ (2,405)	\$ -	\$ -	\$ -	\$ (2,230)	\$ -	\$ -
Net change in cash from ops + reorg costs	(589)	(1,264)	367	518	(723)	140	165	(2,866)	959	(585)	669	(7,134)	236	(682)
Investing cash flows (principal only on notes)														
Jefferies prime brokerage, net or Select Equity Fund funding	-	-	-	-	-	-	-	2,000	-	-	-	5,000	-	-
Third party fund capital call obligations	-	-	-	-	-	-	-	-	-	-	(1,650)	-	-	-
Third party fund expected distributions	-	-	-	-	-	-	-	-	-	-	400	-	-	-
Highland Capital Management Korea (capital call funding)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multi Strategy Credit Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Highland Capital Management Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from outstanding notes	-	-	-	202	-	-	-	-	-	-	-	-	-	-
Divs, paydowns, misc from non-PB assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of other investments (non-PB)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from other investments (non-PB)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in cash due to investing activities	-	-	-	202	-	-	-	2,000	-	-	(1,250)	5,000	-	-
Financing cash flows														
Required equity distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Existing debt paydowns	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in cash due to financing activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending unrestricted operating cash	\$ 11,948	\$ 10,684	\$ 11,051	\$ 11,771	\$ 11,048	\$ 11,188	\$ 11,353	\$ 10,486	\$ 11,445	\$ 10,860	\$ 10,279	\$ 8,145	\$ 8,381	\$ 7,699

EXHIBIT D

PROMISSORY NOTE

\$3,825,000

February 2, 2018

FOR VALUE RECEIVED, JAMES DONDERO ("*Maker*") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT LP ("*Payee*"), in legal and lawful tender of the United States of America, the principal sum of THREE MILLION, EIGHT HUNDRED AND TWENTY-FIVE THOUSAND and 00/100 Dollars (\$3,825,000.00), together with interest, on the terms set forth below (the "*Note*"). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to the long-term "*applicable federal rate*" (2.66%) in effect on the date hereof for loans of such maturity as determined by Section 1274(d) of the Internal Revenue Code, per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand of the Payee.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Tax Loan. This Note is paid to the Maker to help satisfy any current tax obligations of a former partner or current partner.

5. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

6. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

7. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other

amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

8. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

9. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



JAMES DONDERO

EXHIBIT E

PROMISSORY NOTE

\$2,500,000

August 1, 2018

FOR VALUE RECEIVED, JAMES DONDERO ("**Maker**") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT LP ("**Payee**"), in legal and lawful tender of the United States of America, the principal sum of TWO MILLION, FIVE HUNDRED THOUSAND and 00/100 Dollars (\$2,500,000.00), together with interest, on the terms set forth below (the "**Note**"). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to the long-term "**applicable federal rate**" (2.95%) in effect on the date hereof for loans of such maturity as determined by Section 1274(d) of the Internal Revenue Code, per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand of the Payee.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

Exhibit 3

Appx. 00732

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



A handwritten signature in blue ink, appearing to read 'J. Dondero', is written over a horizontal line.

JAMES DONDERO

EXHIBIT F

PROMISSORY NOTE

\$2,500,000

August 13, 2018

FOR VALUE RECEIVED, JAMES DONDERO ("*Maker*") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT LP ("*Payee*"), in legal and lawful tender of the United States of America, the principal sum of TWO MILLION, FIVE HUNDRED THOUSAND and 00/100 Dollars (\$2,500,000.00), together with interest, on the terms set forth below (the "*Note*"). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to the long-term "*applicable federal rate*" (2.95%) in effect on the date hereof for loans of such maturity as determined by Section 1274(d) of the Internal Revenue Code, per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand of the Payee.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any; and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.


Exhibit 4

Appx. 00735

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



JAMES DONDERO

EXHIBIT G

PROMISSORY NOTE

\$2,400,000.00

May 2, 2019

FOR VALUE RECEIVED, HIGHLAND CAPITAL MANAGEMENT FUND ADVISORS, LP. (“**Maker**”) promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP (“**Payee**”), in legal and lawful tender of the United States of America, the principal sum of TWO MILLION FOUR HUNDRED THOUSAND and 00/100 Dollars (\$2,400,000.00), together with interest, on the terms set forth below (the “**Note**”). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to the short-term “**applicable federal rate**” (2.39%) in effect on the date hereof for loans of such maturity as determined by Section 1274(d) of the Internal Revenue Code, per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys’ Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys’ fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



FRANK WATERHOUSE

EXHIBIT H

PROMISSORY NOTE

\$5,000,000.00

May 3, 2019

FOR VALUE RECEIVED, HIGHLAND CAPITAL MANAGEMENT FUND ADVISORS, LP. (“**Maker**”) promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP (“**Payee**”), in legal and lawful tender of the United States of America, the principal sum of FIVE MILLION and 00/100 Dollars (\$5,000,000.00), together with interest, on the terms set forth below (the “**Note**”). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to the short-term “**applicable federal rate**” (2.39%) in effect on the date hereof for loans of such maturity as determined by Section 1274(d) of the Internal Revenue Code, per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys’ Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys’ fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



FRANK WATERHOUSE

EXHIBIT I

PROMISSORY NOTE

\$150,000.00

March 28, 2018

FOR VALUE RECEIVED, HIGHLAND CAPITAL MANAGEMENT SERVICES, INC. ("**Maker**") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP. ("**Payee**"), in legal and lawful tender of the United States of America, the principal sum of ONE HUNDRED AND FIFTY THOUSAND and 00/100 Dollars (\$150,000.00), together with interest, on the terms set forth below (the "**Note**"). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to the long-term "*applicable federal rate*" (2.88 %) in effect on the date hereof for loans of such maturity as determined by Section 1274(d) of the Internal Revenue Code, per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand of the Payee.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.


5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



HIGHLAND CAPITAL MANAGEMENT
SERVICES, INC.

EXHIBIT J

PROMISSORY NOTE

\$200,000.00

June 25, 2018

FOR VALUE RECEIVED, HIGHLAND CAPITAL MANAGEMENT SERVICES, INC. ("**Maker**") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP. ("**Payee**"), in legal and lawful tender of the United States of America, the principal sum of TWO HUNDRED THOUSAND and 00/100 Dollars (\$200,000.00), together with interest, on the terms set forth below (the "**Note**"). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to the long-term "**applicable federal rate**" (3.05 %) in effect on the date hereof for loans of such maturity as determined by Section 1274(d) of the Internal Revenue Code, per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand of the Payee.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



HIGHLAND CAPITAL MANAGEMENT
SERVICES, INC.

EXHIBIT K

PROMISSORY NOTE

\$400,000

May 29, 2019

FOR VALUE RECEIVED, HIGHLAND CAPITAL MANAGEMENT SERVICES, INC. (“**Maker**”) promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP (“**Payee**”), in legal and lawful tender of the United States of America, the principal sum of FOUR HUNDRED THOUSAND and 00/100 Dollars (\$400,000.00), together with interest, on the terms set forth below (the “**Note**”). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to the short-term “**applicable federal rate**” (2.39%) in effect on the date hereof for loans of such maturity as determined by Section 1274(d) of the Internal Revenue Code, per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys’ Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys’ fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



FRANK WATERHOUSE

EXHIBIT L

PROMISSORY NOTE

\$150,000

June 26, 2019

FOR VALUE RECEIVED, HIGHLAND CAPITAL MANAGEMENT SERVICES, INC. (“**Maker**”) promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP (“**Payee**”), in legal and lawful tender of the United States of America, the principal sum of ONE HUNDRED AND FIFTY THOUSAND and 00/100 Dollars (\$150,000.00), together with interest, on the terms set forth below (the “**Note**”). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to the short-term “**applicable federal rate**” (2.37%) in effect on the date hereof for loans of such maturity as determined by Section 1274(d) of the Internal Revenue Code, per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys’ Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys’ fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



FRANK WATERHOUSE

EXHIBIT M

PROMISSORY NOTE

\$100,000

November 27, 2013

FOR VALUE RECEIVED, HCRE PARTNERS, LLC ("**Maker**") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP. ("**Payee**"), in legal and lawful tender of the United States of America, the principal sum of ONE HUNDRED THOUSAND and 00/100 Dollars (\$100,000.00), together with interest, on the terms set forth below (the "**Note**"). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to 8.00% per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand of the Payee.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or

performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:


HCRE PARTNERS, LLC

EXHIBIT N

PROMISSORY NOTE

\$2,500,000

October 12, 2017

FOR VALUE RECEIVED, HCRE PARTNERS, LLC ("**Maker**") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP. ("**Payee**"), in legal and lawful tender of the United States of America, the principal sum of TWO MILLION, FIVE HUNDRED THOUSAND and 00/100 Dollars (\$2,500,000.00), together with interest, on the terms set forth below (the "**Note**"). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to 8.00% per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand of the Payee.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or

performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:


HCRE PARTNERS, LLC

EXHIBIT O

PROMISSORY NOTE

\$750,000

October 15, 2018

FOR VALUE RECEIVED, HCRE PARTNERS, LLC ("**Maker**") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP. ("**Payee**"), in legal and lawful tender of the United States of America, the principal sum of SEVEN HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$750,000.00), together with interest, on the terms set forth below (the "**Note**"). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to 8.00% per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand of the Payee.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or

performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:


HCRE PARTNERS, LLC

EXHIBIT P

PROMISSORY NOTE

\$900,000

September 25, 2019

FOR VALUE RECEIVED, HCRE PARTNERS, LLC (“**Maker**”) promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, LP. (“**Payee**”), in legal and lawful tender of the United States of America, the principal sum of NINE HUNDRED THOUSAND and 00/100 Dollars (\$900,000.00), together with interest, on the terms set forth below (the “**Note**”). All sums hereunder are payable to Payee at 300 Crescent Court, Dallas, TX 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at a rate equal to 8.00% per annum from the date hereof until maturity, compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable on demand of the Payee.

2. Payment of Principal and Interest. The accrued interest and principal of this Note shall be due and payable on demand of the Payee.

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys’ Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys’ fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or

performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

MAKER:



HCRE PARTNERS, LLC

EXHIBIT Q

PROMISSORY NOTE

\$20,247,628.02

May 31, 2017

THIS PROMISSORY NOTE (this "**Note**") is in substitution for and supersedes in their entirety each of those certain promissory notes described in Exhibit A hereto, from Highland Capital Management Services, Inc., as Maker, and Highland Capital Management, L.P. as Payee (collectively, the "**Prior Notes**"), together with the aggregate outstanding principal and accrued and unpaid interest represented thereby.

FOR VALUE RECEIVED, HIGHLAND CAPITAL MANAGEMENT SERVICES, INC. ("**Maker**") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, L.P. ("**Payee**"), in legal and lawful tender of the United States of America, the principal sum of TWENTY MILLION, TWO HUNDRED FORTY SEVEN THOUSAND, SIX HUNDRED TWENTY EIGHT AND 02/100 DOLLARS (\$20,247,628.02), together with interest, on the terms set forth below. All sums hereunder are payable to Payee at 300 Crescent Court, Suite 700, Dallas, Texas 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at the rate of two and seventy-five hundredths percent (2.75%) per annum from the date hereof until Maturity Date (hereinafter defined), compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable annually.

2. Payment of Principal and Interest. Principal and interest under this Note shall be payable as follows:

2.1 Annual Payment Dates. During the term of this Note, Borrower shall pay the outstanding principal amount of the Note (and all unpaid accrued interest through the date of each such payment) in thirty (30) equal annual payments (the "**Annual Installment**") until the Note is paid in full. Borrower shall pay the Annual Installment on the 31st day of December of each calendar year during the term of this Note, commencing on the first such date to occur after the date of execution of this Note.

2.2 Final Payment Date. The final payment in the aggregate amount of the then outstanding and unpaid Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable in full on December 31, 2047 (the "**Maturity Date**").

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No

failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

9. Prior Notes. The original of each of the Prior Notes superseded hereby shall be marked "VOID" by Payee.

MAKER:

HIGHLAND CAPITAL MANAGEMENT
SERVICES, INC.

By: 
Name:
Title:

EXHIBIT A

PRIOR NOTES

Loan Date	Initial Note Amount	Interest Rate	Principal and Interest Outstanding as of May 31, 2017
5/29/15	\$500,000	2.30%	\$523,095
10/1/15	\$350,000	2.58%	\$315,500
10/2/15	\$310,000	2.58%	\$323,301
10/27/15	\$200,000	2.58%	\$208,228
10/28/15	\$200,000	2.58%	\$208,214
10/30/15	\$100,000	2.58%	\$104,093
11/23/15	\$100,000	2.57%	\$103,908
11/24/15	\$250,000	2.57%	\$259,752
2/10/16	\$2,000,000	2.62%	\$ 83,390
2/11/16	\$250,000	2.62%	\$258,524
4/5/16	\$6,000,000	2.25%	\$6,155,712
5/4/16	\$2,700,000	2.24%	\$2,764,954
7/1/16	\$30,000	2.18%	\$30,598
8/5/16	\$525,000	2.18%	\$534,375
8/22/16	\$250,000	2.18%	\$254,465
9/22/16	\$185,000	2.18%	\$187,773
12/12/16	\$7,700,000	2.26%	\$7,781,050
3/31/17	\$150,000	2.78%	\$150,697
	\$21,800,000		\$20,247,628.02

EXHIBIT R

PROMISSORY NOTE

\$6,059,831.51

May 31, 2017

THIS PROMISSORY NOTE (this "**Note**") is in substitution for and supersedes in their entirety each of those certain promissory notes described in Exhibit A hereto, from HCRE Partners, LLC, as Maker, and Highland Capital Management, L.P. as Payee (collectively, the "**Prior Notes**"), together with the aggregate outstanding principal and accrued and unpaid interest represented thereby.

FOR VALUE RECEIVED, HCREA PARTNERS, LLC ("**Maker**") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, L.P. ("**Payee**"), in legal and lawful tender of the United States of America, the principal sum of SIX MILLION, FIFTY NINE THOUSAND, EIGHT HUNDRED THIRTY ONE AND 51/100 DOLLARS (\$6,059,831.51), together with interest, on the terms set forth below. All sums hereunder are payable to Payee at 300 Crescent Court, Suite 700, Dallas, Texas 75201, or such other address as Payee may specify to Maker in writing from time to time.

1. Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest at the rate of eight percent (8.00%) per annum from the date hereof until Maturity Date (hereinafter defined), compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable annually.

2. Payment of Principal and Interest. Principal and interest under this Note shall be payable as follows:

2.1 Annual Payment Dates. During the term of this Note, Borrower shall pay the outstanding principal amount of the Note (and all unpaid accrued interest through the date of each such payment) in thirty (30) equal annual payments (the "**Annual Installment**") until the Note is paid in full. Borrower shall pay the Annual Installment on the 31st day of December of each calendar year during the term of this Note, commencing on the first such date to occur after the date of execution of this Note.

2.2 Final Payment Date. The final payment in the aggregate amount of the then outstanding and unpaid Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable in full on December 31, 2047 (the "**Maturity Date**").

3. Prepayment Allowed; Renegotiation Discretionary. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same

shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

5. Waiver. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.

6. Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

7. Limitation on Agreements. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.

8. Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.

9. Prior Notes. The original of each of the Prior Notes superseded hereby shall be marked "VOID" by Payee.

MAKER:

HCRE PARTNERS, LLC

By: 

Name: James Dondero

Title:

EXHIBIT A

PRIOR NOTES

Loan Date	Initial Note Amount	Interest Rate	Principal and Interest Outstanding as of May 31, 2017
1/9/14	\$100,000.00	8.00%	\$108,000.00
1/29/14	\$600,000.00	8.00%	\$648,000.00
3/10/14	\$2,000,000.00	8.00%	\$2,009,643.84
3/28/14	\$50,000.00	8.00%	\$54,000.00
1/26/15	\$1,500,000.00	8.00%	\$1,545,356.16
4/2/15	\$1,500,000.00	8.00%	\$1,545,356
	\$5,750,000.00		\$6,059,831.51

EXHIBIT 211

PACHULSKI STANG ZIEHL & JONES LLP
Jeffrey N. Pomerantz (CA Bar No. 143717) (*admitted pro hac vice*)
Ira D. Kharasch (CA Bar No. 109084) (*admitted pro hac vice*)
John A. Morris (NY Bar No. 2405397) (*admitted pro hac vice*)
Gregory V. Demo (NY Bar No. 5371992) (*admitted pro hac vice*)
Hayley R. Winograd (NY Bar No. 5612569) (*admitted pro hac vice*)
10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067
Telephone: (310) 277-6910
Facsimile: (310) 201-0760

HAYWARD PLLC
Melissa S. Hayward (Texas Bar No. 24044908)
Zachery Z. Annable (Texas Bar No. 24053075)
10501 N. Central Expy, Ste. 106
Dallas, TX 75231
Tel: (972) 755-7100
Fax: (972) 755-7110

Counsel for Highland Capital Management, L.P.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

HIGHLAND CAPITAL MANAGEMENT, L.P.,¹

Reorganized Debtor.

HIGHLAND CAPITAL MANAGEMENT, L.P.,

Plaintiff,

VS.

HIGHLAND CAPITAL MANAGEMENT FUND
ADVISORS, L.P.,

Defendant.

[illegible]

¹ The Reorganized Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Reorganized Debtor is 100 Crescent Court, Suite 1850, Dallas, TX 75201.

**DECLARATION OF HAYLEY R. WINOGRAD IN SUPPORT OF HIGHLAND
CAPITAL MANAGEMENT, L.P.'S OPPOSITION TO DEFENDANT'S SECOND
MOTION FOR LEAVE TO AMEND ANSWER**

I, Hayley R. Winograd, pursuant to **28 U.S.C. § 1746** and under penalty of perjury, declare as follows:

1. I am an attorney in the law firm of Pachulski, Stang, Ziehl & Jones LLP, counsel to the above-referenced Reorganized Debtor, and I submit this Declaration in support of *Highland Capital Management, L.P.'s Opposition to Defendant's Second Motion for Leave to Amend Answer* (the "Opposition") being filed concurrently with this Declaration. I submit this Declaration based on my personal knowledge and review of the documents listed below.

2. Attached as **Exhibit A** is a true and correct copy of communications from Highland's counsel to HCMFA's counsel on June 25, 2021, producing the May 2, 2019 e-mail.

3. Attached as **Exhibit B** is a true and correct copy of communications from Highland's counsel to HCMFA's counsel on July 2, 2021, producing Word versions of the HCMFA Notes.

Dated: December 30, 2021.

/s/ Hayley R. Winograd
Hayley R. Winograd

From: Hayley R. Winograd
Sent: Friday, June 25, 2021 8:15 PM
To: 'Rukavina, Davor' <drukavina@munsch.com>; Vasek, Julian <jvasek@munsch.com>
Cc: John A. Morris <jmorris@pszlaw.com>
Subject: Debtor's Production to 1st Set of Discovery - Adv. Proc. 21-3004

Counsel,

Below please find the link and password to the production of documents responsive to HCMFA's First Set of Discovery to Plaintiff, at bates numbers: D-HCMFA000001 - D-HCMFA095954.

<https://app.everlaw.com/14261/dl/uHZHMIY9wvBBGN7oRKLl42Ijv5aGxY0p8OlPH03HhbUS>
Password: s4qCG3ppz2DX

Thanks,
Hayley

Hayley R. Winograd
Pachulski Stang Ziehl & Jones LLP
Tel: 212.561.7700 | Fax: 212.561.7777
hwinograd@pszlaw.com



Los Angeles | San Francisco | Wilmington, DE | New York | Houston

Attachments: HCMFA 7_2_21 Production (2).zip

From: Hayley R. Winograd
Sent: Friday, July 2, 2021 12:56 PM
To: 'Rukavina, Davor' <drukavina@munsch.com>; 'Vasek, Julian' <jvasek@munsch.com>
Cc: John A. Morris <jmorris@pszilaw.com>
Subject: RE: Debtor's Supplemental Production to 2nd Set of Discovery - Adv. Proc. 21-3004

Counsel,

Please find in the attached link the Debtor's supplemental production responsive to HCMFA's Second Set of Requests for Production, at bates numbers: D-HCMFA290880 - D-HCMFA290883.

Thanks,
Hayley

Hayley R. Winograd
Pachulski Stang Ziehl & Jones LLP
Tel: 212.561.7700 | Fax: 212.561.7777
hwinograd@pszilaw.com



Los Angeles | San Francisco | Wilmington, DE | New York | Houston

EXHIBIT 212

From: John A. Morris
Sent: Monday, October 25, 2021 5:39 PM
To: Deborah R. Deitsch-Perez (deborah.deitschperez@stinson.com); Aigen, Michael P. (michael.aigen@stinson.com); Rukavina, Davor (drukavina@munsch.com); Berghman, Thomas (tberghman@munsch.com); Vasek, Julian (jvasek@munsch.com); Clay Taylor (clay.taylor@bondsellis.com); Bryan Assink (bryan.assink@bondsellis.com); 'ddraper@hellerdraper.com'
Cc: Jeff Pomerantz; Gregory V. Demo; Hayley R. Winograd; La Asia S. Canty
Subject: Highland: Word Versions of the Notes
Attachments: Notes.zip; RE: Form of Loan Consolidation Agreement.msg

Counsel:

As requested, attached are two zip files containing the Word versions of the Notes.

Because they are Word versions, they have not been bates stamped. Therefore, this e-mail will serve as the "proof" of the form, format, timing, and content of the production.

As I mentioned, Highland has retained an expert who has performed his analysis of the Metadata but has not prepared a report. Insofar as Mr. Dondero and his related entities will be liable for Highland's fees and expenses in the event Highland prevails in this matter, please let me know if the Defendants intend to dispute the authenticity of the Notes or otherwise challenge any aspect of their creation as soon as possible so we don't unnecessarily incur an expense.

If we don't hear from you by the close of business on Wednesday on this matter, we will direct the expert to turn his findings into a report for delivery on Friday, make him available for a deposition, and include those expenses in a future supplemental production.

Also, Davor, please produce the Advisors' 15c report (including responses to questions 1 and 2) from 2020 by the close of business tomorrow (Tuesday) or Highland will move to compel production.

Please let me know if you have any questions.

Regards,

John

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